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NEWS SUMMARY

GENERAL

Rhodesia premier loses majority

Abel Muzorewa, Prime Minister of Zimbabwe Rhodesia, lost his overall majority in Parliament with the resignation of MPs from his United African National Party.

...formed the Zimbabwe ...atic Party led by ...wa's deputy, James ...ma, leaving the Bishop ... seats in the 100-seat ...of Assembly.

... walkout raised the ... of tribal divisions in the ..., although the new party ...he split occurred because ...zorewa's "dictatorial" ... Back Page

... resigns

... President Yusufu Lule ... after a Cabinet row, ...nths after taking office ... head of the Uganda ...ion Front coalition Gov...t. Godfrey Binaisa was ... in as Acting President.

... sends troops ... Hong Kong

... is sending 900 troops, ...vercraft, four helicopters ...ast patrol boat to Hong ... increase surveillance of ...ese "boat people" and ... down on illegal immi... from China. Hong Kong ...oduced tougher laws to ... the flow of refugees.

...pe jury has ...t in hotel

...emy Thorpe trial jury of ...en and three women ...e night at a secret hotel ...liberating for six hours. ...l resumes today. ...e, former Liberal leader, ...ree other men have ... not guilty to conspiring ...rder ex-male model ... Scott.

...ed raiders ...ct £400,000

...armed raiders collected ... by hijacking a Security ... van and forcing two ... to make routine calls at ...l Bank branches in Hat... ...d St. Albans. They held ...d guard at gunpoint ... the collections, and ... that the van would be ...up by remote control if ...m was raised too soon.

...land Act

...ottish devolution Act ...cinded in the Commons ...ajority of 95. Page 12

...and in final

...l beat New Zealand by ...ns at Old Trafford to ...e West Indies in the final ... Prudential World Cup ...ls on Saturday. West ...beat Pakistan by 43 runs ...Oval.

...ched salmon

...fessed poacher James ... had 44 salmon worth ...n his car boot when he ... policeman the way to ...gate fish market. Moore, ..., of Workington, ended ...he Old Bailey where he ...ed £150 and advised to ... a water bailiff. "You're ...ry good as a poacher ... you always seem to get ... by the law," the judge

...y

...e soldier was killed and ... seriously injured in a ... parachute jump at Brize ... Oxfordshire.

...ohn Wayne left most of ...85m (£3.26m) estate to ...en children and his first ...d denied any bequests to ...d wife, Pilar.

BUSINESS

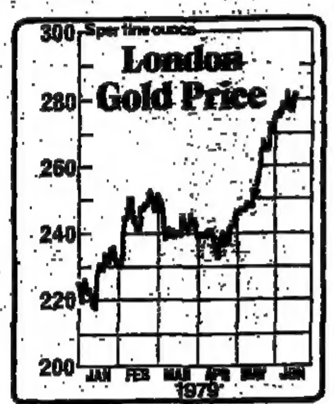
Sterling firmer; Equities subdued

● STERLING rose 95 points, buoyed by high interest rates, to close at $2.1230, and its trade-weighted index rose to 68.6 (68.2). Dollar's index fell to 85.3 (86.0).

● EQUITIES were subdued by uncertainties over the balance of payments, and the FT 30-Share index closed 1.5 down at 485.1.

● GILTS were also quiet, the Government Securities Index closing 0.02 up at 70.88.

● GOLD rose $1¾ to $281¾ in London and the New York Comex June settlement was 279.80 (282.00).



● WALL STREET closed up 0.43 at 839.33.

● FRENCH trade swung into FFr 1.22bn (£132m) deficit in May, after a FFr ...m (£51.88m) surplus in April on a seasonally-adjusted basis. Page 2

● GOVERNMENT is to continue subsidising shipbuilding orders for UK yards and is to press for an early decision within the EEC on a scrap-and-build scheme for the industry. Page 8

● POST OFFICE Users' National Council has described the postal service as "appalling and unacceptable" in its report on plans to increase prices. Page 8

● ENGLISH clearing banks are offering their staff a nine-month pay deal by changing their settlement date from July to April. But they are refusing to increase their pay proposals involving 11 per cent new money and the consolidation into salary of 5 per cent productivity payments. Page 11

● *GOVERNMENT'S first tentative steps* to change aspects of the employment law which it inherited from Labour have met firm opposition from the TUC. Page 11

● BRITISH Linen Bank is the first merchant bank to move into the mortgage market with a scheme linked to endowment insurance policies offered by the Life Association of Scotland. Page 9

● SHELL Chemicals UK has declared force majeure on deliveries of polythylene, polystyrene, and a range of its industrial chemicals. Supplies to customers have been cut by one-fifth. Page 9

● MYSTERY voice has been telephoning stockbrokers with bogus orders and approaching companies with spurious invitations to bid talks, says the Stock Exchange. It has warned companies and member firms to take extra care. Page 9

COMPANIES

● *TESCO Stores (Holdings)* taxable profits rose 31.9 per cent to a record £37.66m for the year ended February 24. Results, Page 29; Lex, Back Page

● TATE & LYLE, sugar refiners and traders, raised taxable profit *by £3m to £13.5m in the half-year* to March 31. Results, Page 28; Lex, Back Page

...F PRICE CHANGES YESTERDAY

(... in pence unless otherwise indicated)

RISES				
...ry 9½pc 1983	£97½	+	½	
... Newspapers	220	+	14	
...Defd.	250	+	5	
... Household Stores	90	+	6	
... Milling	60	+	4	
... & Jackson	260	+	15	
...nds.	194	+	19	
...s'	130	+	6	
... Radiovision	144	+	11	
... (B.)	238	+	14	
...erm Intl.	340	+	10	
...a A	143	+	4	
... (P.)	128	+	7	
...Distillers	204	+	7	
... (E.) (Jewellers)	235	+	10	
... Interests	96	+	4	
...urniture	150	+	8	
...sen, Hunter	77	+	4	
...cientific	323	+	25	
Vectis Stone	29	+	3	
BP	1162	+	22	
LASMO "Ops"	785	+	30	
Shell Transport	368	+	6	
Siebens (UK)	230	+	12	
Tricentrol	232	+	8	
Anglo Amer. Corp.	392	+	8	
Berjuntal	205	+	10	
Durban Deep	526	+	25	
East Drie.	797	+	22	
Leslie	78	+	6	
M.I.M. Hldgs.	188	+	6	
Vogels	85	+	5	
Wankie Colliery	63	+	5	
Whim Creek	55	+	5	
FALLS				
Hambros	298	−	5	
Hawker Siddeley	194	−	14	
Henlys	106	−	8	
Holt Lloyd Intl.	187	−	9	
ICL	457	−	8	
Castlefield	315	−	15	

Laker starts battle for Skytrains to 35 European cities

BY LYNTON McLAIN

Sir Freddie Laker launched his long-threatened attack on Europe's airlines yesterday with a plan to start Skytrain flights to 35 European cities in January.

The move comes less than a week after the EEC Commission recommended far-reaching changes in operations and fare structures of European airlines, including "substantial fare cuts," and a basic no-frills ticket.

Fares under the Laker Airways proposal have not been revealed, but they could be half those on current scheduled routes, including London to Paris (at present £44.50 single), Brussels (£46.50) and Rome (£117.50).

Sir Freddie told the UK Civil Aviation Authority earlier this month that he wanted to "free passengers from the prisons of the major airlines." He said world airlines were still trying to "kill off" his Skytrain.

If Laker wins licences for European destinations, other airlines may be forced to follow with their own fare reductions. But they may not be as extensive as those that followed the introduction of Sir Freddie's first Skytrain to New York two years ago.

Fuel costs have risen rapidly and airline operating margins have already been hit. Also, state-owned airlines, such as British Airways, dominate civil aviation in Europe, unlike the pattern in the U.S. National governments, which can influence air operating licence applications, may be unwilling to cut fares below a certain level.

Nevertheless, the move by Laker Airways can be expected to start a battle among European air authorities, Governments and airlines reminiscent of Laker's first Sky train battle. This lasted six years, but Laker won the day after a legal fight with the UK Government

An appeal court found that Mr. Peter Shore, former Trade Secretary, had earlier exceeded his powers by issuing "guidelines" to the Civil Aviation Authority that the Laker Skytrain licence should be revoked. Laker Airways—which lost £4.9m revenue over the two weeks its six DC-10s were grounded—yesterday applied formally to the Civil Aviation Authority to operate its proposed European services "of unlimited frequency" to 35 cities between January 1 next year and December 31, 1994.

The airline also applied for a *licence to operate a service from* Gatwick Airport, London to Hong Kong. If approved, the service could provide the backbone for a round-the-world Skytrain which Sir Freddie is planning.

Laker is expected to use the *10 European A300 Airbuses it* ordered in April for £250m on its proposed routes.

The airline's proposals before the Civil Aviation Authority call for options to operate from Gatwick, Manchester or Glasgow or all three. The destinations *include: Dublin, Paris, Nice,* Brussels, Amsterdam, Copenhagen, Stockholm, Geneva, Zurich, Rome, Milan, Naples, Munich, Hanover, Dusseldorf, Hamburg, Cologne Bonn (who share a common airport), Frankfurt, Berlin, Lisbon, Faro, *Madrid,* Barcelona, Malaga, Palma, Ibiza, Las Palmas, Tenerife, Athens, Corfu, Rhodes, Iraklion, Vienna and Luxembourg.

BRITISH DC-10 TAKES OFF

FIRST U.K. registered DC-10 to fly since the Civil Aviation Authority withdrew its grounding order on Tuesday was a Laker Airways charter flight to Crete, which took off yesterday.

In Washington, the U.S. Airline Passengers Association has filed a request with the Federal Trade Commission asking that all ticket and travel agencies and advertisers for DC-10 flights abroad should carry a warning that the aircraft were still not considered airworthy by U.S. authorities.

Cabinet approves big pay increase for MPs

BY ELINOR GOODMAN, LOBBY STAFF

THE CABINET yesterday approved a big rise in MPs' pay, but decided to phase its introduction over a longer period than expected.

By 1981, backbenchers will receive £12,000-a-year, compared with their present salary of £6,897. The rise will be paid in three equal instalments of about £1,700.

The increase is broadly in line with recommendations of the Boyle Committee, whose report is published today. It had been expected that the Cabinet would agree to pay the increase in two stages. But Ministers are understood to have opted for a three-stage review rather than risk offending public opinion by giving MPs an immediate rise of £2,500.

The Prime Minister told Mr. James Callaghan, Leader of the Opposition, of the decision. Mr. Callaghan and his Shadow Cabinet were apparently incensed over the phasing of the increase. They are likely to call for a full debate on the issue when Mr. Norman St. John Stevas, Leader of the House, announces the increase this afternoon.

Meanwhile, the Government faces a rebellion among its own backbenchers over the question of pay for the new European MPs, whose salary will be linked to that of Westminster members.

Under the Bill, to be debated tomorrow, members sitting in both Westminster and the European Parliament will receive only one salary. Last night, however, a group of Tory MPs told the Home Secretary they regarded this as totally unfair and possibly illegal. As MPs on a dual mandate, they argued they would be doing more than one job.

38% for top civil servants

The Government has agreed phased pay rises of up to 38 per cent for about 1,750 senior civil servants, a move likely to strain relations among higher-grade Whitehall staff.

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UK industry's profits fall

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITISH INDUSTRY'S profits fell sharply in the first three months of this year and the financial squeeze on companies is expected to continue for at least the rest of this year.

Trading profits of industrial and commercial companies fell by 13½ per cent to £3.67bn in the first three months of this year, compared with the *October-to-December* period of 1978. This is after adjusting for the impact of inflation on the value of stocks of goods, raw materials and work in progress. The figures appear in the provisional estimate of Gross Domestic Product published *yesterday by* the Central Statistical Office.

The fall in profits net of stock appreciation would have been even larger but for a sharp increase in profits from North Sea oil operations. This has already been reflected in the rise in British Petroleum's first quarter profits.

The fall in profits in the first quarter was, however, partly due to the once-and-for-all impact of the various industrial disputes. But the halt in the 1977-78 profits recovery is indicated by a ½ per cent decline in the past six months compared with the previous half-year.

The pressure on the profits of non-North Sea activities, notably manufacturing, is highlighted by the Bank of England in its quarterly bulletin published yesterday evening.

The Bank identifies longer-term influences at present eroding profitability. These include rising raw material costs (especially oil prices), a firmer exchange rate, the increase in the national insurance surcharge and the stagnation of output and productivity.

Continued on Back Page

Bank of England Bulletin details Page 10

OUTPUT AND PROFITS

		Gross Domestic Product average estimate 1975=100	Gross trading profits net of stock appreciation of commercial companies £m
1976		102.9	9,811
1977		104.9	13,727
1978		108.2	16,086
1977	1st	103.8	3,068
	2nd	104.5	3,388
	3rd	104.9	3,499
	4th	106.5	3,772
1978	1st	106.0	3,898
	2nd	108.4	3,785
	3rd	109.3	4,166
	4th	109.2	4,237
1979	1st	107.6	3,670

All figures seasonally adjusted.
Source: Central Statistical Office

OPEC at oil limit 'in 3-5 years'

BY ANTHONY McDERMOTT

THE ABILITY of the Organisation of Petroleum Exporting Countries to meet world oil demand will reach its limit in as little as three to five years, according to Dr. Ulf Lantzke, executive director of the International Energy Agency.

He said yesterday: "The events in Iran are perhaps the most significant since the 1973/1974 embargo. We must read the signals accurately now, as time is slipping away, and with it, our hopes for a prosperous, or even marginally liveable future."

Dr. Lantzke was speaking at a conference in London yesterday organised to consider the Middle East after the Iranian revolution.

The Paris-based agency which monitors world energy supplies believes that as a result of the revolution energy problems will be severe in the short and medium term.

Dr. Lantzke said that estimates or OPEC production had changed drastically. One year ago, analysts had reckoned OPEC could produce 40m to 45m barrels a day during the 1980s and 1990s. Now OPEC would find it difficult to produce much above 35m barrels a day.

With annual world demand for oil growing at between 1m and 2m barrels a day, OPEC's maximum capacity could be reached within three to five years. New production from Mexico, Alaska and the North Sea would help, but not solve, the dilemma.

He said projections based on "widely held reasonable assumptions" about energy supply and demand had shown that the unfulfilled world energy demand could be as high as 4m barrels a day in 1985, 10m in 1990 and 28m in the year 2000.

The projections were based on economic growth of only 3.4 per cent a year and on increased OPEC production of 38m barrels a day, with Saudi Arabia contributing 15m barrels a day. They also assumed that coal use and production would be doubled and nuclear energy output would increase 12-fold.

£ in New York

—	June 20	Previous
Spot	$2.1330-1340	$2.1220-1225
1 month	0.77-0.72 dis	0.75-0.70 dis
3 months	1.86-1.81 dis	1.75-1.70 dis
12 months	5.00-4.90 dis	5.40-5.25 dis

Blumenthal is confident of dollar strength

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. MICHAEL BLUMENTHAL, U.S. Treasury Secretary yesterday proclaimed that the dollar was fundamentally "very sound," and that the recent narrowing of international interest rate differentials which *have contributed to the dollar's* weakness would not persist.

At a Press conference, he stopped short of saying outright that he thought U.S. monetary policy should be tightened, with consequently higher domestic interest rates. That, he said, was a prerogative of the *Federal* Reserve, the independent central bank, for which he could not speak.

But he made it clear that, in his view, the current state of the economy, combined with the desirability of promoting slower growth without recession, required no basic change in the application of a relatively austere monetary policy.

Over the last fortnight, domestic interest rates have fallen slightly, while in Germany, Japan and the UK, they have moved upwards.

Most U.S. commercial banks have reduced their prime lending rates to 11½ from 11¾ per cent, and at Monday's Treasury Bill auction, the rate on six month issues fell to an average of 8.873 per cent. This was over 50 basic points below the level of two weeks before, and the lowest at an auction since before the dollar support package late last year.

Longer term rates have been firmer, but this decline, combined with the announcement of a record surge in the money supply in the last reporting week, has led to the inevitable speculation that the Fed has been moving to combat the advent of an economic recession.

But Mr. Blumenthal, who last month was *given additional* authority by President Carter when he was named chief economic spokesman for the Administration and indisputable head of the Government's economic policy group, again maintained that, even allowing for *the problems brought on by this* year's 35 per cent increase in oil prices, existing economic policies could still avoid a recession.

Yesterday, the Commerce Department doubled its original estimate of real growth in the *first quarter of this year to 0.8* per cent. The Treasury Secretary ascribed little importance to this, but did note that the recent *surge* in industrial production and more modest advances in housing starts and permits, and business investment demonstrated that the economy, if growing more slowly, had not stagnated.

The OPEC oil price rises had made "a global economic recession" a possibility, "though not a necessary and inevitable consequence." But he also argued that the U.S. was better equipped to handle the energy crisis than most other countries, a fact which also would help underpin the dollar.

Other factors potentially helping the U.S. currency were the close co-operation of the major central banks (he pointed to big intervention by the Bundesbank in support of *the dollar) and certain improvements* in the U.S. trade and current account deficits.

Mr. Blumenthal made no attempt to minimise the impact of the oil price spiral on either the U.S. or the rest of the world. Thus in this country, *he calculated* that it looked as though higher oil prices would add one percentage point to inflation and take one percentage point of growth in 1980. Since the final quarter of last year, he added, American consumers had been obliged to *cut purchases* by 3½ per cent in real terms, because of the need to pay more for energy.

SUPPORT FROM BUNDESBANK

Central banks intervened to support the dollar in Frankfurt and New York yesterday. The Bundesbank, acting for the first time in more than four months, bought up $...m to stabilise the U.S. currency after the rate fell from DM 1.8740 to DM 1.8597.

Interest rates in West Ger*many are rising and firm* measures are being taken by the Bundesbank to counter inflation while U.S. economic achievement has been regarded as disappointing.

Fear over the U.S. inflation and money supply undermined *the dollar in London early* yesterday. Heavy demand later, primarily from the U.S., helped a recovery to DM 1.8640 at the close

EEC summit to focus on energy, Back Page ● Fossil fuel prices "will double", Page 8 ● Shell cuts deliveries, Page 9 ● The European summit, Page 26 ● Economic Viewpoint, Page 27

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For latest Share Index phone 01-246 8026

Trade gap of £130m for France

By Our Paris Staff

HIGHER OIL PRICES and the replenishment of oil stocks pushed France's trade balance into deficit last month, for the first time this year.

The figures, which underline the importance of the energy savings plans announced yesterday, show the difficulties the Government faces in aiming to repeat last year's positive trade balance.

After a FFr 500m (£54.2m) surplus in April, trade swung into a FFr 1.2bn (£130m) deficit on a seasonally adjusted basis, with exports of FFr 35.2bn and imports of FFr 36.4bn.

The uncorrected figures show an even larger shortfall, of FFr 1.3bn, based on exports of FFr 37bn.

Over the year as a whole, France is still showing a surplus of FFr 503m, mainly because of good performances in February and March. Exports have also remained strong, and order books indicate that this trend will continue for some time.

Last month also saw a significant increase in consumer goods and capital goods imports, but overall imports wnt up at the same time by 4.2 per cent. Capital goods sales overseas, which have been a strong point of the French performance this year, reached a record of FFr 8bn.

France intends to contain oil consumption this year to 107.5m tonnes, but the import *bill has begun to rise* sharply, going up by 9 per cent last month and 19 per cent over the first five months of this year.

Because of the cost of oil, the Trade Ministry yesterday emphasised the importance of supporting the export drive and maintaining the value of the franc.

French measures to cut oil imports

BY TERRY DODSWORTH IN PARIS

WIDE-RANGING measures aimed at maintaining "sober growth" in the economy while reducing oil imports were announced by the French Government yesterday.

M. Francois Mitterrand, the French Socialist leader, has resigned from the new European Parliament in protest against an official recount that gave a Socialist seat to the ruling centre-right French coalition, AP reports from Paris. M. Mitterrand said his resignation reflected his "indignation with the dishonourable decision" taken by the National Census Commission. The switch gave the ruling majority 26 seats and cut the Socialist total from 22 to 21.

They include a reduction in deliveries of domestic fuel, a lowering of maximum temperatures in offices and other buildings, speed restrictions on heavy lorries and stricter enforcement of existing speed limits for cars.

The object of the plan, announced on the eve of the European Council of Ministers' meeting on energy in Strasbourg, is to keep France in line with the EEC commitment to reduce annual oil consumption by 5 per cent.

The Government is steering a careful path between this aim and its determination to maintain prudent growth in the economy, with an expected oil bill this year of FFr 70bn (£7.6bn) against a planned FFr 58bn (£6.3bn).

In a TV interview outlining the measures, M. Giscard d'Estaing, the French President, stressed particularly that the Government wanted to avoid reducing the average citizen's buying power

This could be done, he said, by careful economic management and maintenance of growth by re-directing industry into less energy intensive sectors.

More power would have to be *produced from domestic sources* —which meant supporting the nuclear and solar energy industries.

The new plan, expected to cost about FFr 7.5bn (£813m) will touch three main areas —buildings, transport and industry.

Of these, the greatest savings are expected in the building sector, from a combination of temperature reductions from 20 to 19 deg C in flats and public buildings, and a 10 per cent reduction in home heating oil deliveries.

Individual heating meters are to be installed, and the Government will launch a series of schemes to subsidise the adaptation of buildings to more economical heating methods.

The main impact in the transport sector will be on heavy lorries, which will be limited to speeds of 90 kph (56 mph) on motorways, and 80 kph on other roads.

In the public sector, instructions have gone out to Government-controlled transport fleets to reduce petrol consumption by 10 per cent, and further efforts will be made to improve bus and rail services.

In the longer term, the Government is to support a research project at the big car companies, Renault and PSA Peugeot-Citroen, to produce prototype vehicles which will use 25 per cent less petrol.

For industry, additional financial assistance will be offered to encourage investment in less energy - intentive production

Energy taxes increased in Danish squeeze

BY HILARY BARNES IN COPENHAGEN

DRASTIC INCREASES in energy taxes are the main ingredient in the biggest programme of tax increases and pubic spending cuts to be presented by Danish Government.

In measures agreed by the coalition Government late on Tuesday night, petrol, oil, gas and electricity prices will all rise sharply. Cigarettes go up by DKr 2 to DKr 16.10 (£1.40) for twenty, and the inclusive tour charter holiday tax from DKr 50 to DKr 125 (£10.90) per head.

From August 1 there will be a car-free day a week. Owners will be allowed to choose on which day they leave their cars in the garage.

Local authorities have been told to cut DKr 4bn off next year's budgets and the Government will cut DKr 2.5bn off its own 1980 budget.

Business will be exempted from the electricity tax increase and public transport from the fuel tax increases. Agriculture and industry will both benefit from an increase in the amount of foreign currency loans which the Government will guarantee against exchange rate changes.

The total programme amounts to about DKr 12bn (£1.05bn). The tax increases will bring in about DKr 4.6bn in the full year, equal to 2.5 per cent of private consumption. Petrol goes up DKr 0.5 per litre to DKr *3.80, heating oil by DKr 260 per 1,000 litres to* about DKr 1,660 and electricity by DKr 0.6 per kwh.

The measures were taken against the background of a rapid deterioration in the current balance of payments deficit following the increase in oil prices, but an unexpected rapid increase in public spending this year (it is expected to rise in real terms by 5.5 per cent). The stimulus to demand arising from the 9 per cent wage increases awarded in the spring collective agreements also forced the Government's hand.

It took the Social Democratic-Liberal coalition Government almost two weeks of hard negotiations to agree on the measures, but political commentators predict further difficulties ahead for the coalition in the autumn. The cuts in public spending have only been agreed as a total amount. The *details have still to be filled in* and some observers doubt whether the Government will be able to clear this hurdle.

Mr. Knud Heinesen, the Finance Minister, said that the current balance of payments deficit this year would be about DKr 1bn less than it otherwise would have been and next year about DKr 3bn less, which appears to mean that there will will be a deficit of DKr 9-10bn this year and DKr 8-9bn in 1980. Last year's deficit was *DKr 7.7bn, but in the first* quarter the deficit rose to DKr 3.8bn from DKr 2.9bn in the same quarter of last year.

The Government has not said what effect the measures will have on demand, but private economists expect that there will be some decline in real private consumption and investment in the next 12 months and only a small increase in total production.

Before the measures were announced, most forecasts expected a GNP increase this year of about 3 per cent, but this will not now be attainable. Unemployment, expected to average about 7 per cent this year, will also rise, although the Government programme includes some unemployment relief measures.

Russia warns U.S. on SALT

MOSCOW—The Soviet Union yesterday served notice to the U.S. that it will not accept any Senate amendments to the SALT II agreement signed by President Carter and President Brezhnev in Vienna on Monday.

The warning not to "tamper" with the treaty text was published in a front-page editorial of Pravda, the Communist party newspaper, and was clearly intended to be read in Washington as well as Moscow.

Mr. Brezhnev said during the Vienna summit that attempts to "rock" the SALT agreement could damage U.S.-Soviet relations and bring down the whole structure.

But the Pravda editorial went further, spelling out that the Kremlin would not agree to any change in the letter or spirit of the agreement.

The treaty was "based on the principle of equality and equal security, and the fulfilment by the parties of their obligations under the treaty is subject to reliable verification," the editorial added.

It was important to note that any attempts to make amendments to the treaty, to substitute details in it, or to make it more advantageous to one of the sides, "could lead to grave and even dangerous consequences for Soviet-U.S. relations.

The Soviet Union "would not consent to any departures from the accord which had been reached, or to attempts at undermining its spirit and letter. It will accurately observe the treaty, just as all other commtiments it signed," Pravda said.

The pledge to fulfil "other commitments" was seen as a reference to the accompanying protocols and statements, including a Soviet undertaking not to give its "Backfire" bomber extra range so it could hit targets in the U.S.

Pravda's editorial went on to express hope that realism, farsightedness and wise statesmanship would gain the upper hand over arguments by opponents of the treaty.

Reuter

Italian Communists retain presidency of Lower House

BY PAUL BETTS IN ROME

A COMMUNIST is again to hold the key post of President of the Italian Chamber of Deputies, corresponding roughly to that of the Speaker at Westminster, while the Christian Democratic Senator, Sig. Amintore Fanfani, is to be re-elected to the constitutionally more important position of President of the Senate.

The Communist candidate is Signora Nilde Jotti, who will become the first woman president of the Italian Lower House in the new Parliament.

The election of Signora Jotti and Senator Fanfani became a formality following agreement on Tuesday between the main polticial parties to divide the two parliamentary posts between the Christian Democrats and the Communists, as in 1976.

The decision also reflects efforts by the Christian Democrats not to antagonise the Communists after the Communist Party's setback in the general election two weeks ago.

Although the Christian Democrats have firmly rejected Communist demands for posts in the next cabinet, they now seek to establish some consensus with the Communists to ease the task of forming a parliamentary majority to back a new government.

But the Communist Party has clearly indicated that securing the presidency of one of the two houses of Parliament was nothing more than the party's entitlement as the country's second largest political force.

The Communists are expected to elect a new party secretariat and directorate at the beginning of next month, when a number of significant changes are likely to be made following the party's disappointing performance in the elections.

Following last night's inaugural meeting of the new Italian Parliament, the way is now open for President Sandro Pertini to start the constitutional process of consultations prior to his naming a Prime Minister designate to try to form a new Government.

This task could well fall again on Sig. Guilio Andreotti, the current caretaker Prime Minister. Another possible candidate is Sig Flaminio Piccoli, the Christian Democrat party chairman.

In view of the expected return of the Communist Party into opposition, the most likely governing formula appears to be a new three-party coalition involving the Christian Democrats, the Republicans and the Social Democrats, supported by the Liberals and also enjoying the *indirect backing of the* Socialists.

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هكذا ورد الأصل

RICAN GUERRILLA TRAINING EXPANDED

East Germany raises aid to Nkomo

LESLIE COLITT IN BERLIN

T GERMANY is significantly expanding its weapons ing programme for the an guerrilla movements ating against Zimbabwe-lesia and South Africa to de modern artillery and nd to air missiles. The ons are being supplied ie Soviet Union, but the ing is to be carried out ast German officers in the an "front line" countries ding to East European als.

return for this effort, Germany is believed to received assurances that Soviet Union will help it the higher prices for et oil and gas imports duced this year.

is appears to be the main t of a six-day visit to East nany by Mr. Joshua no, co-president of the Patriotic Front. The East Europeans say East Germany *will provide training on 122 mm and 152 mm Soviet howitzers, as well as one-man Soviet ground-to-air missile launchers among other anti-aircraft weapons.*

In April, Rhodesian commandos conducted a helicopter raid on Mr. Nkomo's home in Lusaka, Zambia—he was absent at the time—and destroyed offices of the guerrilla movement.

Mr. Nkomo's presence in East Germany was first *announced on the fourth day* of his visit, when he met the East German Defence Minister, Gen. Heinz Hoffmann. The two men previously conferred in May in Lusaka, when Gen. Hoffmann headed an East German military delegation to the "front line" nations. Mr. Nkomo also visited an *East German artillery* regiment conducting field exercises.

East Germany has been assigned an increasingly important role in Southern Africa by the Soviet Union. Moscow evidently wishes to remain in the background because it fears that the U.S. might be drawn into the conflict.

The East Germans, East European officials say, are assuming the burden of a *costly military engagement in* Zambia, Tanzania, Angola and Mozambique for ideological and economic reasons.

East Germany's leadership sees itself as taking part in a "war of liberation" to foil the "latest neo-colonial manoeuvre by imperialism and racism in Zimbabwe," as Herr Erich Honecker, the *East Germany President and* Communist Party leader, told Mr. Nkomo yesterday. The average East German is considerably less enthusiastic about the country's new "internationalist" commitments in far off African countries.

East Germany, however, is said to have obtained assurances from the Soviet *Union that it will continue to* receive Soviet "credit" to offset the growing East German deficit in trade with Moscow. *This deficit is the result of* the higher prices for the 18.5bn tonnes of Soviet oil and natural gas East Germany is importing this year.

Mr. Nkomo and Herr Honecker "welcomed" the Vienna summit meeting between President Carter and President Brezhnev, "above all" the signing of the SALT II agreement. In Vienna, President Carter was reported to have strongly criticised Moscow's backing of the Patriotic Front.

Mr. Joshua Nkomo

Taxes increased and spending cut in Danish squeeze

HILARY BARNES IN COPENHAGEN

TIC INCREASES in y taxes are the main in- nt in *the biggest pro-* ne of tax increases and spending cuts to be pre- l by Danish Government. measures agreed by the ion Government late on ay night, petrol, oil, gas electricity prices will all harply. Cigarettes go up Kr 2 to DKr 16.10 (£1.40) wenty, and the inclusive charter holiday tax from 0 to DKr 125 (£10.90) per

m August 1 there will be *free day a week. Owners* be allowed to choose on day they leave their cars garage.

al authorities have been to cut DKr 4bn off next budgets and the Government will cut DKr 2.5bn off its own 1980 budget.

Business will be exempted from the electricity tax increase and public transport from the fuel tax increases. Agriculture and industry will both benefit from an increase in the amount of foreign currency loans which the Government will guarantee against exchange rate changes.

The total programme amounts to about DKr 12bn (£1.05bn). The tax increases will bring in about DKr 4.6bn in the full year, equal to 2.5 per cent of private consumption. Petrol goes up DKr 0.5 per litre to DKr 3.80, heating oil by DKr 260 per 1,000 litres to about DKr 1,660 and electricity by DKr 0.6 per kwh.

The measures were taken against the background of a rapid deterioration in the cur*rent balance of payments deficit* following the increase in oil prices, but an unexpected rapid increase in public spending this year (it is expected to rise in real terms by 5.5 per cent). The stimulus to demand arising from the 9 per cent wage increases awarded in the spring collective agreements also forced the Government's hand.

It took the Social Democratic- Liberal coalition Government almost two weeks of hard negotiations to agree on the *measures, but political* commentators predict further difficulties ahead for the coalition in the autumn. The cuts in public spending have only been agreed as a total amount. The details have still to be filled in and some observers doubt *whether the Government will be* able to clear this hurdle.

Mr. Knud Heinesen, the Finance Minister, said that the current balance of payments deficit this year would be about DKr 1bn less than it otherwise would have been and next year about DKr 3bn less, which appears to mean that there will be a deficit of DKr 9-10bn this year and DKr 8-9bn in 1980. Last year's deficit was DKr 7.7bn, but in the first quarter the deficit rose to DKr 3.8bn from DKr 2.9bn in the same quarter of last year.

The Government has not said what effect the measures will have on *demand*, but *private* economists expect that there will be some decline in real private consumption and investment in the next 12 months and *only a small increase in* total production.

Before the measures were announced, most *forecasts* expected a GNP increase this year of about 3 per cent, but this will not now be attainable. Unemployment, expected to average about 7 per cent this year, will also rise, although the Government programme in*cludes some* unemployment relief measures.

In spite of the harshness of the squeeze, trade union leaders yesterday accepted the programme as inevitable and the Government is not expected to *have serious difficulty rushing* its tax increases through Parliament in the next few days.

Nigeria wants to call off ACP-EEC meeting

USSELS — Nigeria yester- formally demanded the onement of a meeting uled for Sunday between uropean *Common Market* ts trade partners in the n, Caribbean and Pacific) group, ACP officials said. *y said no decision had* taken by the group on the st but it could be dis- l when ACP ambassadors meet here today.

The ACP side on Tuesday accepted a Common Market offer to resume talks on a convention *to replace the Lomé trade and* aid pact between the two sides, which runs out next year.

The 57 ACP countries broke *off the negotiations last month* over the amount of aid they will receive from the Community. Reuter

Irish bus and rail fares rise 20%

BY OUR FOREIGN STAFF

A 20 per cent increase in public transport costs in the Irish Republic from Monday have added a further blow to the Govern*ment's hopes of controlling* wage rises.

Prime Minister Jack Lynch and his Cabinet colleagues have *stood firm in talks with union* leaders this week on a 7 per cent pay rise ceiling, insisting that the policy will be enforced in the public sector and backed with the threat of sanctions against private employers who go above that figure.

The Irish Congress of Trade Unions, which has rejected the policy, said yesterday in the wake of its discussions with Mr. *Lynch, that it could have* "disastrous effects" on industrial relations.

Mr. Harold O'Sullivan, the Congress president, said that until the 7 per cent maximum is relaxed, there would be no more talks with the Government about pay.

Mr. Lynch's determination will face its first serious test tomorrow, when representatives *of the country's 55,000 building* workers meet to consider their next move over a 25 per cent wage claim.

W. German Cartel Office takes on banking giants

BY LESLIE COLITT

WEST GERMAN banking and industry are well aware these days that the Federal Cartel Office is currently the most active among the world's anti-trust agencies in seeking to uphold competition and to *prevent elephantine mergers.*

The office has now sought to cross swords with the mighty German universal banks by *launching proceedings against* the three leading institutions, accusing them of "co-ordinating" their interest rates — a charge the banks hotly deny.

Critics of the Cartel Office say it has as little chance of winning this case and collecting a heavy fine from the banks as it had of nailing down the German subsidiaries of the international oil companies in 1974. At that time it suspected them of misusing their "dominant market position" by charging "excessive prices" following the first oil crisis.

Herr Wolfgang Kartte, president of the Cartel Office since 1976, believes that this time his office has a watertight case against the banks.

He believes it can prove that *Deutsche Bank, Dresdner Bank* and Commerzbank acted in concert when they raised their interest charges for loans on April 5, but delayed increasing interest rates for savings deposits until April 17.

"We will shortly notify the banks of our findings," Herr Kartte said in an interview with the Financial Times. "The law stipulates this before a fine is levied."

The fine, he said, will be "treble damages" based on the amount the banks are said to have saved in interest payments during the period. Depending on whether the Cartel Office uses *the period of 12 days up to* April 17 or the period of up to six weeks which elapsed since the first German Sparkassen raised *its interest rates*, the banks could be fined some DM 75m (£18.8m).

"The courts, of course, will have the final say," Herr Kartte says. "I am convinced we had sound reasons for these proceedings and did not act wantonly."

He remarked that Dr. Hans Friderichs, his former chief in the Economics Ministry, who is *now chief executive of the* Dresdner Bank, called the Cartel Office move "damaging, unfair and unnecessary."

The banks, Herr Kartte explained, have worked "successfully for years to gain a positive image" among consumers by advertising "how *wonderful* they are." This sort of action (on interest rates) eradicated years of efforts to improve their popularity, he said.

The Cartel Office had only just taken on the banks when Herr Willy Brandt, *chairman of the* Social Democrats, urged it to consider taking action against the oil companies. Herr Kartte *admits that he is tempted to act,* but sees little chance of getting any further than the office did in 1974.

Herr Wolfgang Kartte (above), calls West Germany's cartel laws, whose merger control provisions he helped to draft, the most highly perfected anywhere, including the U.S., "our model in anti-trust legislation."

The reason is the international nature of the oil business and the fact that the Cartel Office grasp does not extend beyond West Germany's borders.

Herr Kartte said he had nothing against oil company earnings rebounding but believed there were some "dubious points." Petrol prices have risen "relatively modestly" by about 12 per cent while heating oil has gone up 80 per cent and naphtha over 100 per cent. Herr *Kartte wondered* why.

"Could it be that the oil companies are playing God and keeping down the petrol price, *which is political, in order to* recoup the maximum amount from sales of naphtha to the chemical industry? They can then pass it on to the consumer, which doesn't outwardly attract so much attention," he said.

He would like to inquire into this but the Cartel Office must stay within the framework of the West German Government's *energy policy which, he says,* is to see that the country's oil supplies are secured.

Seldom are more than three Cartel officials required to carry out an investigation, with eight departments scrutinising every branch of West German industry. The 250-man federal office has its headquarters in a gloomy, pre-war West Berlin office building that belies its efficiency.

Herr Kartte, a Free Democrat like his Minister, Count Lambsdorff, calls West Germany's cartel law, whose merger control provisions he *helped to draft, the most highly* perfected anywhere, including "the U.S., our model in anti-trust legislation."

"There is more continuity here, *more regulation*. We don't have merely global formulas such as the Clayton and Sherman Acts, but also very *detailed laws*." In the U.S., he says, there are more isolated cases and lengthy court tests but no real "executive authority, as the courts *have all* the say."

One weakness of German cartel law, he admits, is its lack of any provision such as substantially lessening competition. Instead it has only the weaker "market dominating enterprise." The Cartel Office's strength is in its legal procedures.

New cartel law provisions on mergers which are to become law by next year will allow the Berlin office to take action if the *agency suspects a merger will* lead to market domination and involves companies with sales of DM 10bn and up.

This is expected to lead to moves against large retail chains seeking to take over medium-sized companies, which the Germans succinctly call "elephant marriages."

The Cartel Office is now preparing to move on licensing and patent policies, especially in the chemical industry. Herr Kartte says the question is *whether an "ersatz cartel"* is created when large companies regulate the markets through packets of licences.

President Lule of Uganda quits after Cabinet row

BY OUR FOREIGN STAFF

PROFESSOR YUSUFU Lule resigned yesterday as President of Uganda, plunging the country into political confusion.

The 67-year-old academic took office only two months ago at the head of a Uganda Liberation Front coalition Government, formed in exile to rule when President Idi Amin was driven from power.

Mr. Godfrey Binaisa, a former Attorney-General, has been sworn in as Acting President.

Prof. Lule's resignation, announced on Uganda Radio, followed an all-night emergency Cabinet meeting. It was only on Tuesday that he announced his second Cabinet reshuffle in 13 days. Various members were angry at the demotion of three of their left-wing colleagues known to be allied to Dr. Milton Obote, the former Ugandan President, who now lives in Tanzania.

This and the continuing bickering among the country's political leaders over his role forced Prof. Lule to resign, saying he accepted calls by some members of the National Consultative Council—the temporary parliament—for a change in the UNLF leadership.

"This I accepted as I did not wish to see any conflict developing around my personality ... Uganda has had enough of this," Prof. Lule said in his resignation statement.

It is understood only one Council member supported his first Cabinet reshuffle and only 11 out of 30 Council members backed the changes he made on Tuesday.

Prof. Lule said he had taken on the job as President in order

Prof. Yusufu Lule

to get rid of Amin, to rehabilitate the nation and prepare for elections within two years. Having driven the dictator from the country, he said, he would leave the other tasks to others.

His role was disputed between those leaders who demanded that he should be a caretaker president only, and others who said he should hold full executive powers as allowed for under the 1967 constitution.

But Prof. Lule's resignation became inevitable when he announced two weeks ago that he intended to expand his Cabinet from 15 to 24, angering the 30-man Council, which acts as a sort of provisional parliament.

The council members were put out that he had failed to consult them on the changes, claiming they had supreme policy-making powers.

Behind these problems were the interests of rival tribal, regional and ideological differences represented within the Council and inside the Cabinet. The differences have been at the root of much of the political conflict in Uganda since it gained independence from Britain 17 years ago.

Mr. Binaisa, QC, the new Acting President, who is 60, was Attorney-General under Dr. Obote but resigned after a row with him over the then proposed 1967 Constitution. He went into private practice but fled from the country after Amin came to power.

The new President faces a tremendous task. He must try to achieve political stability in a country in which the problems of reconstruction will require a major national effort—to say nothing of huge international aid—if the nation is to be salvaged from eight years of decay under Idi Amin.

Ghana poll set for second round

BY MARK WEBSTER IN ACCRA

WITH MORE than half the seats declared in Ghana's General Elections yesterday, no clear winner was emerging, and everything looked set for a second round in the Presidential battle.

Unless one candidate for the Presidency polls more than half the votes cast, and can prove he has support in all the regions, a run-off has to be held between the two leading candidates.

On present performance, the two contenders will be Mr. Victor Owusu, of the Popular Front Party (PFP), and Dr. Hilla Limann, of the People's National Party (PNP).

As results continued to come in Dr. Limann led Mr. Owusu by 405,065 votes to 339,744.

The new regime of Flt.-Lt. Jerry Rawlings is stil pursuing its policy of cleansing the military and civilians of corruption, while insisting that the handover to a new civilian Government will take place not later than October 1.

The PFP and PNP are also leading the field in the concurrent Parliament any elections. Out of 110 seats so far declared, the PFP had 37 seats and Dr. Limann's PNP 51. The United National Convention had 11 seats, and the Action Congress Party 10.

Reuter reports from Accra: Fifty people, mainly members of Ghana's armed forces, have been charged with offences in the new regime's campaign against corruption, Flt.-Lt. Rawlings said yesterday.

But not all those found guilty would be executed, he added. Officers in Accra said the accused included Gen. Fred Akuffo, the former head of state, ousted in the June 4 coup.

New Namibia talks agreed

BY MARTIN DICKSON

BRITAIN and South Africa yesterday kept alive a faint hope for an international settlement in Namibia when they agreed that fresh talks should be held between Pretoria and the five Western nations involved in the deadlocked negotiations over the future of the territory.

The agreement came at two hours' talks in London between Mr. R. F. "Pik" Botha, South African Foreign Minister, and Lord Carrington, Foreign Secretary.

Britain, together with the U.S., France, West Germany and Canada, is a member of the five-power "contact group" which has been trying for more than two years to negotiate a Namibian settlement.

The initiative has been deadlocked for months because of South Africa's rejection of certain settlement proposals put forward by Dr. Kurt Waldheim, UN Secretary-General.

West Bank settlement halted by High Court

By David Lennon in Tel Aviv

WORK AT the controversial Elion Moreh settlement on the occupied West Bank was halted yesterday by a court order issued at the request of the Arabs whose land was taken for the Jewish settlement.

The High Court in Jerusalem rejected a government claim that the settlement was essential for the country's security and issued an injunction banning all further building work and forbidding any addition in the number of settlers already on the site. The court gave the government one month to explain why it should not dismantle the settlement and return the land to its owners.

Yesterday's appeal by 17 land owners was unique in the legal struggle against Israeli land expropriation. For the first time Israeli military experts submitted opinions challenging the government's claims that the settlement was essential for the state security. The government presented the court with a letter from the Chief of Staff, General Rafael Eitan, stating that the Elion Moreh settlement was necessary to defend the road leading to Nablus.

But this was challenged by two defence depositions, from former Chief of Staff, General Haim Bar-Lev, and General Matityahu Peled. They both wrote that the Elion Moreh settlement was not essential for the security of Israel, and argued that in time of war it would tie down troops who would be needed to defend or evacuate its residents.

Mr. Bar-Lev, who served as Commerce Minister in the last Labour government, told Israel Radio that he was not motivated by politics in providing evidence, but simply was expressing his professional opinion at the request of the plaintiff's lawyers.

"I believe the government should have the intellectual honesty and courage to declare that Israel has the right to build settlements in all parts of the West Bank," Mr. Bar-Lev said. "But instead, the government tries to cover its settlement policy with claims of national security. In my professional opinion there is no connection, it is an excuse not a reason," he said.

Reuter adds from Jerusalem: Mr. Moshe Dayan, Israeli Foreign Minister, yesterday rejected a statement by the European Economic Community that Jewish settlements in the West Bank were illegal. Such statements harmed peace negotiations in the Middle East, he claimed.

PATRICK COCKBURN, in Baghdad, assesses the future of Iraqi-Syrian relations

'Open borders' a realistic choice

THE SUDDEN rapprochement between Iraq and Syria over the last year has altered the entire complexion of Israel's northern front.

Together with the Egypt-Israel treaty and the revolution in Iran, it is the third, and least noticed, major change in the Middle Eastern political map.

For years, the historic rivalry between Baghdad and Damascus has limited the influence of Iraq and Syria in Arab politics.

The fact that the Ba'ath Party has ruled in both capitals since 1968 only added ideological divisions to existing animosity.

Over the last decade, there are few aspects of policy, either political or economic, which have not been the subject of dispute.

When they act together, the two countries form a potent bloc in the northern tier of the Middle East, with territories stretching from the Mediterranean to the Gulf.

Their joint armies total nearly 450,000 men and are among the Arab world's best equipped.

As a front-line State, the political and economic advantages for Syria of good relations with Baghdad are obvious.

Since President Sadat flew to Jersusalem in late 1977, President Assad of Syria has looked hard for an ally to replace Egypt. The only realistic choice was Iraq.

Iraq's power has grown steadily since 1973. It is now the world's third largest oil exporter. Oil revenues should total £6.5bn this year, against about £1bn in 1973. It is generally assumed that oil reserves, despite low levels of exploration, total 95bn barrels.

Already the Arab states which met to oppose President Sadat at the Baghdad summit last November, have promised Syria substantial financial aid as a front-line State with Israel. The backing of Iraq makes Syria's long-term financial position look even healthier.

In the past, Saudi Arabian and Kuwaiti aid has varied sharply, according to political circumstances. Syrian intervention against left-wing and Palestinian forces in Lebanon in 1976 led to a rapid cut in subventions.

Militarily the Syrians have much to gain. An alliance with Baghdad gives a strategic depth to their forces in any possible future war with Israel.

With Syria anxious about Israeli intervention in Southern Lebanon, this is an important

point for Damascus. However, union does not alter the fact that Syria has only a short border with Israel, which makes it vulnerable to a pre-emptive Israeli strike.

For both Iraq and Syria, open borders have immediate economic advantages. In April, 1976, the Iraqis closed the pipeline from Kirkuk to the Mediterranean.

This followed a prolonged dispute between the two countries over the price of Iraqi oil for Syrian refineries and transit fees. Syria will now benefit from a new agreement reopening the trans-Syrian pipeline.

This will also have advantages for Iraq. Iraq has exported oil from the northern oilfields over the last three years by pumping through the "strategic pipeline" to the Gulf, complementing this with another pipeline from Kirkuk to Turkey's Mediterranean coast at Dortyol.

The Turkish pipeline has faced problems. The Turks have the right to purchase a certain portion of Iraqi crude for their own use, but on a number of occasions have been unable to pay for it, with the result that the Iraqis have closed the pipeline.

In transport, as in oil, a principal card of the Syrians in the past has been their ability to squeeze, if not absolutely strangle, Iraqi communications with the Mediterranean.

Since the borders have been reopened, the number of cargoes coming through the ports of Latakia and Tartous, on the Syrian coast, bound for Iraq, has rapidly increased. This enables overland transport companies to cut out Turkey on the route to the Gulf.

When the Syrians closed the border in 1977, the Istanbul-Baghdad railway was also shut. It runs through a salient of 90 kilometres of Syrian territory.

At the same time, the new political detente may enable the Syrians to reach some agreement with the Iraqis on the distribution of the waters of the Euphrates.

This has been a source of bitter dispute since the Syrians started construction of the Tabqa dam upstream of Iraqi territory. Baghdad accused them of taking more than their fair share of water for irrigation and so causing crop failures in Iraq.

Yet the economic advantages to Iraq and Syria, great as they are, are secondary to political benefits.

The significance of President Assad's four-day visit to Baghdad earlier this week has to be seen in contrast to the previous antagonism.

Since 1966, the split in the Ba'ath Party has bred hatred, the depth of which has perplexed foreign observers.

Long-standing disputes became all the worse in contrast to the previous friendliness of leaders on both sides. The animosity reached a peak in 1976 during the Syrian Intervention in Lebanon.

Even after President Sadat's Jerusalem visit in 1977, Iraq refused to join the other hardline Arab States. It was only in October last year that a joint charter between Iraq and Syria was finally agreed.

Ostensibly the aim is constitutional unity—a single state with one president, Cabinet and army. In some form or other however cosmetic, this is likely to be achieved—in due course.

The Iraqis and Syrians both suggest that unity of the Ba'ath Party is lagging behind unity of the two States, and it is doubtful if the party will be fully reunited.

Nevertheless, both sides would now find it extremely difficult to back away from the ideological commitment which has been made.

A split between Baghdad and Damascus now would probably lead to the collapse of the common front of Arab States opposing President Sadat.

As its relations with Iran deteriorate, Iraq needs its close alliance with Syria and the good relations which now exist with Saudi Arabia, all the more.

The State-controlled Press in Baghdad treats the new Iranian Government with growing hostility. And now suggests that its foreign policy is remarkably similar to that pursued by the Shah.

IMF renegotiating blocked Egyptian loan

BY ROGER MATTHEWS IN CAIRO

A FURTHER attempt is being made by the International Monetary Fund to assess the attitude of the Egyptian government towards the fate of the SDR 600m ($730m) three-year extended facility that has been blocked since last November just three months after the agreement was signed. The facility was intended for balance of payments support and general development purposes.

Egypt has so far only been able to draw SDR 75m whereas under the terms of the letter of intent it was entitled to some SDR 250m by the end of this month. The difficulties have arisen over the size of Egypt's budget deficit which has seriously breached the ceilings agreed with the IMF.

Dr. Abdel Shakour Shaalan, who has headed previous fund missions to Egypt, is currently in Cairo for talks with senior economic ministers that are believed to centre on the possibility of a full scale renegotiation.

While senior officials rightly point to the sharp growth in oil revenues anticipated for this year as a further sign of improvement in the country's overall balance of payments, they are undoubtedly still anxious for the IMF's seal of approval to help offset the loss of international confidence caused by the Arab economic and political boycott.

The return by Israel of the Sinai oilfields later this year should boost Egypt's current output of about 500,000 barrels a day by a further 20,000 barrels which, when combined with the current continuing buoyancy of the spot market, could lift Egypt's oil earnings this year to well over $1bn, compared with last year's estimated $700m.

However at the same time the Arab boycott is damaging tourism, reducing foreign investment prospects and causing serious difficulties for Egyptian attempts to raise funds on the Eurocurrency capital markets. It may ultimately also lead to a slowing down in funds remitted from Egyptian workers employed in other Arab countries that this year had been forecast to top $1.6bn.

The main difficulty for Egypt in its dealings with the IMF remains political. President Anwar Sadat has promised twice in the past fortnight that with the peace treaty with Israel signed next year will bring the country to the verge of prosperity. But in the IMF letter of intent Egypt also pledged to increase government revenue and rationalise the massive budgetary burden caused by the widespread subsidies paid on a variety of essential and less-essential commodities.

Some Government ministers are known to fear that anything but cosmetic action in this direction could lead to a repeat of the January 19[illegible] riots and is politically impossible at a time when the mass of the 40m population, growing by more than one million a year, has been promised some improvement in their very basic standard of living. The IMF however is equally known to fear that without firm and prompt government action, inflation, currently running between 25 per cent and 30 per cent, could next year get out of hand with perhaps similar serious political consequences.

Ayatollahs 'at turning-point'

BY ANDREW WHITLEY IN TEHRAN

TOTAL SILENCE is being maintained on the outcome of Tuesday night's important reconciliation meeting in Qom between Iran's chief religious leaders.

This suggests that the public disagreements which have created the Islamic Republic's most serious crisis, may not have been resolved.

The meeting was held to resolve disputes over the form of Iran's new constitution and the way it should be approved.

More important was the underlying question of the drift towards authoritarianism and what liberals and left-wingers describe as "the monopoly of power" by Khomeini supporters. Attending were Ayatollah Marashi-Najafi, Ayatollah Shariat-Madari, and, on the other side, Ayatollah Khomeini.

Pars, the official news agency, said: "far reaching and history-making decisions" were taken at the meeting, which had been "welcomed" by the public as a "turning-point in the current situation."

Meanwhile, Prime Minister Mehadi Bazargan yesterday reshuffled his Cabinet for the third time, following the resignation of Mr. Assadollah Mobasheri, Justice Minister.

Mr. Ahmad Sadr Haj Sayyed Javadi was moved over from the Interior Ministry to the Justice Ministry, while Mr. Hashem Sabaghian was appointed Interior Minister.

AP-Dow Jones adds from Tehran: Iran's Revolutionary Government plans to take over "inefficient" industries, as well as those abandoned by owners who have fled the country.

The State Budget, due to be announced in detail next week, will be slashed by nearly one-third, from £22bn under the Shah, to about £16bn.

Petrol 'drought' hits Sydney

SYDNEY — Service stations closed and motorists abandoned their cars yesterday as petrol rationing was introduced here for the first time since World War II.

The New South Wales State Government had ordered rationing because of a strike by Sydney oil refinery workers demanding better wages and conditions.

Last-minute talks failed to avert a nationwide strike planned for today. The strike is over the arrest of 10 trade unionists in West Australia.
Agencies

Carter bid to head off strike by hauliers

By Stewart Fleming in New York

IN AN EFFORT to head off a threatened strike by independent truck drivers President Carter is considering giving hauliers a higher priority in the allocation of diesel fuel, the White House said yesterday.

The hauliers strike, due to get under way this morning, threatens even more widespread disruption to food and fuel supplies than that already produced by the spasmodic violence and blockades of fuel depots by private hauliers.

In Minnesota, for example, Governor Albert H. Quie, declared a state of emergency and brought out the national guard because hauliers blockaded virtually all the state's petrol and diesel fuel *terminals*.

The hauliers, who own their own trucks, are protesting that rising costs as well as shortages of diesel fuel are eroding profitability and forcing some *hauliers out of* business.

In addition to a higher surcharge to cover rising fuel costs and increased fuel allocations the hauliers are asking for a relaxation of federal and state regulations on the speed, weight and size of their trucks to permit them to carry bigger loads and improve profitability.

The Interstate Commerce Commission which regulates haulage rates in interstate trade has already granted hauliers a 3.6 per cent rate surcharge and on Tuesday announced that it would raise this surcharge to 6 per cent. The hauliers are demanding a 10 per cent surcharge.

One of the problems facing the Administration in dealing with the threat is the difficulty of deciding what concessions will satisfy the mainly non-unionised hauliers.

The disruption of fresh food supplies and the possibility of a strike resulting in higher prices are factors which the administration must weigh in the negotiations. In addition officials must be concerned about the further evidence the haulage dispute provides of the difficulty facing the Administration in developing convincing and consistent policies to tackle the energy problem.

Tax move dismays oil industry

BY DAVID LASCELLES IN NEW YORK

THE U.S. oil industry is dismayed by the House Ways and Means Committee's approval late on Tuesday of a stiffer windfall profits tax than that proposed by President Carter.

The committee voted a 70 per cent tax rate on the extra earnings oil companies make from the Administration's programme to decontrol U.S. oil prices, against the 50 per cent suggested by Mr. Carter. The shares of Standard Oil of Ohio, the BP subsidiary which owns 53 per cent of Alaskan oil, took a further dive yesterday, losing nearly $1 to $52, after losing over $2 last week when the Committee's further proposal for a new tax on Alaskan oil first came out.

Mr. Michael Blumenthal, Treasury Secretary said yesterday that the committee had produced "a good bill" and that he was pleased with it. But Mr. Rawleigh Warner, chairman of Mobil, the world's second largest oil company, who is one of the most vocal opponents of the tax plan, said that it would "definitely harm the national goal of avoiding undue reliance upon foreign sources of oil."

The proposals now being put together by the Government would funnel to it "almost all the increased revenues accruing from the (oil price) de-control programme," he claimed.

A spokesman for Standard Oil of Indiana said the tax was counter-productive and suggested that the committee was "taking a look at the popularity polls rather than the production possibilities."

The proposal for a new tax on Alaskan oil, drew a particularly sharp response from Sohio. Mr. Alton Whitehouse, the chairman, said he was "astounded," adding that if the tax found its way on to the statute books *it would create another major* disincentive to oil exploration in Alaska, "where the Government itself has estimated 30 per cent of the undiscovered oil reserves of the entire U.S. are to be found."

Some oil companies preferred to keep a low profile on what has become a hot public issue. But privately most of them are resigned to the windfall tax, and accept it as the price they must pay for an end to controls which have kept U.S. oil prices well below world levels.

The tax would skim $28.5bn off oil company earnings between 1980-84 against the $21.8bn proposed by Mr. Carter. However, the committee also altered the emphasis of the tax *so that it will bite harder into* earnings from oil already under production, and allow oil companies to keep more of their earnings from newly discovered oil.

Solar Development Bank announced

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

SYMBOLICALLY standing on the roof of the White House where a new solar heating installation system has been erected, President Carter yesterday announced a new plan to enhance the use of solar and other sources of energy.

The centrepiece of his package is the $400m (£190m) Solar Development Bank, which would provide loans and other guarantees for the development of solar, water and wind energy systems.

According to the Administration, these sources of energy at present account for about 6 per cent of domestic consumption. The intention is to raise this share to 20 per cent by the end of the century.

Mr. Carter is also asking Congress to enact special tax credits to be granted to new homes equipped with solar units, and to make "gasahol" (the mixture of petrol and alcohol) permanently exempt from the 4 per cent Federal excise tax.

General Motors to spend $500m on Brazil plant

BY OUR NEW YORK STAFF

GENERAL MOTORS yesterday announced plans to spend $500m over the next four years on expanding and developing its Brazilian operations.

Mr. Elliott Estes, GM's president, flew to Brazil to make the announcement. He said most of the investment would be spent on developing a very much larger capability for building car engines. To this end, General Motors do Brazil would convert the diesel engine production facilities of Detroit Diesel Allison do Brazil division to car-engine production.

By the time the programme is completed in early 1981, GM's engine manufacturing capacity in Brazil will have been increased from 49 to 119 engines an hour. Mr. Estes pointed out that the Brazilian car market is expected to grow by 50 per cent by 1986, to 1.5m cars. The market is dominated by Volkswagen, which accounts for about half of all car sales, but GM outstripped Ford last year, with 188,000 cars sold and 7,000 more exported.

The Brazilian Government comes just a week after GM revealed plans to spend $2bn on new European facilities

Skylab turned in orbit

BY OUR WASHINGTON STAFF

U.S. SPACE controllers have succeeded in turning the 78-ton Skylab space station around in orbit, to keep it relatively stable until the last few hours before it re-enters the Earth's atmosphere next month, according to initial tracking reports yesterday.

The manoeuvre, accomplished yesterday morning was designed to balance the increasing forces of gravity and atmospheric drag, so that if Skylab, or rather the debris that survives re-entry, looks likely to fall on areas with higher-than-average population, the National Aeronautics and Space Administration may attempt to divert its fall to less hazardous regions.

Administration refuses to ease fuel economy laws

BY OUR NEW YORK STAFF

THE U.S. Transportation Department has turned down a request by the motor industry for a relaxation of the Government's fuel economy laws which, Detroit claims, are excessively costly and difficult to implement.

The four leading U.S. car companies are unlikely to be surprised that the Department's National Highway Traffic Safety Administration has refused to bend rules which require them to produce cars whose average fuel consumption has to improve from 19 miles a gallon this year to 27.5 mpg by 1985.

The decision will be seen in Detroit as another example of the Government failing to understand the industry's technical and financial problems. The mileage regulations, with anti-pollution and safety rules, are forcing General Motors (GM), Ford and Chrysler to spend an estimated $15bn over the next six years on technical development. GM claims that this will add $945 to the price of a car by 1985.

However, Mr. Brock Adams, Transportation Secretary, said yesterday that, "after much deliberation," he had decided that the standards originally set in 1975 were "most equitable for the nation as a whole."

The motor industry's basic aim was a change in timetable which requires average fleet fuel consumption to be improved by two miles a gallon in 1981, 1982 and 1983. Its preferred solution was annual increases of 1.5 mpg between 1981-85, which the companies claimed would reduce both the cost and the technical problems of redesigning their cars.

A separate petition from Chrysler Corporation, which will be technically and financially hard pressed to meet the car economy standards, fared a little better. This asked for changes in the fuel economy standards for 1981 covering two- and four-wheel-drive trucks. The department reduced the standards for two-wheel-drive vehicles from 18 mpg to 17.2 mpg. Chrysler had asked for 16.5 mpg. But the Administration refused to alter the 15.5 mpg target for four-wheel-drive trucks.

Shortage of diesel cars expected in California

By John Wyles in New York

CALIFORNIA, the first state to feel the pinch of this summer's petrol shortage, looks increasingly likely to find fuel-efficient diesel-powered cars in short supply because it has tightened its emission control regulations.

All three major manufacturers of diesel cars—General Motors, Mercedes-Benz and Volkswagen—have been having difficulty meeting California's anti-pollution rules for 1980 model year cars. VW says it will have no 1980 diesels for sale there before next spring, if at all. GM says it still does not know whether it will be able to comply, while only Mercedes-Benz is reasonably optimistic of meeting the standards by November this year.

Although sales of diesel-powered cars are only a fraction of total car sales in California and the U.S., they have increased in popularity and importance as a result of the petrol shortage. The motor industry is arguing for a change of priorities, so that environmental rules do not handicap the widest possible marketing of vehicles which offer substantial fuel saving advantages over the petrol-engined equivalents.

The six-cylinder Mercedes 300 SD, for example, gives 26 miles a gallon, on average, compared with 16 mpg for the petrol-fuelled 280 SE.

California requires that diesel-powered cars built for the 1980 model year, beginning in October, should emit no more than one gram a mile of nitrogen oxide over 50,000 miles, or 1.5 grams a mile over 100,000 miles. The present Californian regulation limits this emission to 1.5 grams over 50,000 miles, while the Federal standard is a much more relaxed two grams a mile.

VW, which expects to sell 75,000 diesel-engined versions of its strong-selling small car, the Rabbit, during this model year, is now testing for the 1.5 gram-a-mile over 100,000 miles standard.

California is a large car market in its own right and VW thinks that it will sell 8,000 diesel Rabbits there in 1979. Mercedes-Benz sells an even larger proportion of its diesel cars in California. The company expects total U.S. car sales this year of 50,000, of which 35,000 will be diesel-powered.

Final action begins on legislation for Panama Canal

BY DAVID BUCHAN IN WASHINGTON

THE U.S. House of Representatives yesterday moved towards final action on the controversial legislation which would implement treaties ratified last year by the House giving Panama control of the Panama Canal by the year 2000.

The legislation, on which the Administration has twice delayed House action because it feared that it lacked the votes to get it approved, has become the focal point for irridentist conservatives in the House to emasculate the treaties. These had to be ratified only by the Senate last year.

In a week of key tests for the Administration's western hemisphere policy, it has also requested a meeting of the Foreign Ministers of the Organisation of American States, due to be held in Washington today, on the crisis in Nicaragua.

The U.S. has not called outright for the overthrow of Gen. Anastasio Somoza, Nicaragua's President — although State Department officials privately see no solution to the civil war unless the Nicaraguan dictator steps down—partly to mollify congressional conservatives, many of whom sympathise with Gen. Somoza in his fight against the Left-wing Sandinista guerrilla movement.

The administration does not want to alienate these conservatives, at least not before the Panama legislation is through Congress. Opposition to the legislation, which sets out procedures for U.S.-Panamanian administration of the canal until the end of the century, has also focused on money needed to keep a contingent of U.S. troops in the canal zone. Opponents of the treaty see no reason why Panama should not pay this, while President Carter has warned that, if Congress does not vote the money, the U.S. will lose any influence over the canal sooner rather than later.

AP adds from Managua: Bi[ll] Stewart, a New York-based correspondent for ABC Television, was shot in the head and killed yesterday in eastern Managua. His Nicaraguan driver was also killed.

The first sketchy reports sa[id] Mr. Stewart and his driver were approached by Government troops, that Mr. Stewart identified himself as a reporter, b[ut] was ordered to his knees and shot in the stomach and back of the head.

Meanwhile, National Gua[rd] troops fought their way slow[ly] into eastern Managua, again[st] heavy fire from Sandinista guerrillas.

Guerrillas claimed to ha[ve] knocked out one of the Guard's two remaining Sherman tank[s]

Pay guidelines threatened by rubber settlement

BY OUR NEW YORK STAFF

THE CARTER Administration's concern about the impact of the recent rubber industry wage settlement surfaced yesterday with an admission by a senior official that the pay restraint guidelines may be "in serious trouble."

Although Mr. Robert Russell, Deputy Director of the Council on Wage and Price Stability, stressed that the rubber pay agreements had not yet been analysed by the Administration, he acknowledged that if they were as lareg as reported then they would "damage the viability of the pay standards."

In the last few days the United Rubber Workers union has struck three-year pay and benefits agreements with Goodrich, Uniroyal and Fi[re]stone Tire and Rubber wh[ich] are reportedly worth sligh[tly] more than 40 per cent.

Strictly interpreted, [the] guidelines permit 22.5 per [cent] rises in pay and benefits [over] three years. But the Gove[rn]ment has shown itself will[ing] to exclude certain items so t[hat] the overall cost of the pack[age] can be greater.

The rubber agreements, h[ow]ever, seem too large to [be] accommodated in this way [and] the White House will be [in]creasingly concerned t[hat] electrical goods manufactur[ing] workers and motor indu[stry] workers will seek similar d[eals]

[W]est to gain from Third World trade: OECD report

[B]Y DAVID WHITE IN PARIS

[WE]STERN INDUSTRIALISED [coun]tries stand to gain rather [than] lose from open trade with [thei]r rapidly developing com[peti]tors in southern Europe and [the] Third World, in terms both [of th]eir commercial balance and [e]mployment.

[Th]is is the conclusion of the [...] report prepared by the [Secr]etariat of the Organisation [for] Economic Co-operation and [Dev]elopment (OECD) on rela[tion]s *with the "newly industrial[ising] countries"* such as South [Kor]ea, Mexico and Brazil.

[Th]e report says that trade [with] these countries led to a net [...] of between 200,000 and [...]000 jobs a year in the indus[trial]ised world in 1973-77. It [amount]s to "relatively small em[ploy]ment losses," while provid[ing] benefits in the form of more [chea]p goods for consumers, [bet]ter productivity and the [oppo]rtunity to employ people [in o]ther activities.

[In]dustrialised countries have [manag]ed to increase their surplus [with] the developing countries and their exports to them will increase at least at the same rate as imports, as long as adjustment mechanisms in the developing countries function properly.

The Western world, the report says, has shown "excessive concern" about the impact of trade with these countries. Exports of capital goods from industrialised countries, which it is feared will lead to more *intense competition* in manufactures, will in fact continue to rise.

Export prospects, the report says, are also promising for products destined for the rising middle classes of developing countries.

Between 1963 and 1977, the newly industrialising countries' share of OECD imports increased to 8.1 per cent from 2.6 per cent. At the same time *their share of OECD exports* rose from 7.6 to 9.2 per cent.

The newly industrialising countries were identified as Brazil, Greece, Hong Kong, Korea, Mexico, Portugal, Singapore, Spain, Taiwan and Yugoslavia.

But although expanded trade should be mutually beneficial on balance, "there is no guarantee that the necessary adjustments will come about smoothly or painlessly," the report says.

Substantial employment losses could result in some industries such as textiles, shoes, furniture and light electronics *and some categories of workers*, especially the unskilled and women.

In Britain's case, it is estimated that trade with developing countries has had a positive employment effect in most cases—with the notable exception of the clothing sector.

The report warns about the *implications of protectionism* in losing the price and efficiency benefits of cheap imports. *Reduced exports* for the newly industrialised countries could affect their imports, their credit*worthiness* and their ability to service their debts.

[H]ua foreign technology pledge

[B]Y JOHN HOFFMANN IN PEKING

[PRE]MIER HUA GUOFENG [says] there is no contradiction [betw]een China's plans to import [forei]gn technology and the [pres]ent "period of readjust[men]t" in the Chinese economy.

[Go]vernment officials, who last [nigh]t released further details of [Prem]ier Hua's major address to [the] National People's Congress meeting in Peking, said the [Chin]ese leader had emphasised economic co-operation with [forei]gn countries was a firm [polic]y.

[Ch]ina would take energetic [step]s to develop foreign trade [in t]he coming three years of [econ]omic readjustment and in [the] years to follow, Premier [Hua] said. The importation of [adva]nced technology and [forei]gn funds would strengthen [the] links in the Chinese [econ]omy and aid the improve[ment] of existing industries.

"If the co-operation in production, technology, compensation trading and joint capital enterprises with foreign countries is conducted on a rational way, that will promote the restructuring, consolidation and improvement of China's enterprises," he said.

While adhering to the principle of self-reliance, China should learn all that was worthwhile from foreign countries and import selectively. China should not close itself to international intercourse.

He stressed that altough it would be necessary for China to import complete plants, it was more important to acquire advance manufacturing technology and technical processes. Premier Hua urged the expansion of export industries and tourism to raise capital for needed imports.

Mapping the new course of China's economic modernisation, the Premier listed 10 measures which reaffirm that agriculture and food production will be the nation's principal interest. Next in importance will be light industry, including textiles, in which the growth rate is expected to surpass that of heavy industry in three or four years.

Strong emphasis will be placed on the coal, petroleum and power industries by developing new resources and modernising existing facilities. "China expects, by increasing production and practising economy, to alleviate the current tense situation in the fuel and power industries and the transport and communications department," Premier Hua said.

[U]K, Iran hold defence talks

[B]Y ANDREW WHITLEY IN TEHRAN

[BRIT]AIN and Iran are holding [a ser]ies of meetings in Tehran [to di]scuss the financial implica[tions] of the Iranian Govern[ment']s cancellation of defence [equi]pment and installations con[tract]s worth nearly $2.4bn [(£1.1]bn).

[Th]e meetings, described as ["con]structive and friendly" are [bein]g held at the senior official [level]. The last session, held on [June] 12, was attended by Sir [John] Graham, the British [Amb]assador, and a representa[tive] of International Military [Service]s, a wing of the Ministry of [Defe]nce.

[Fu]rther meetings are planned [in] the near future, and will [be] aimed at resolving the [prob]lem of their mutual debts. [Unde]r the Shah, Iran made [larg]e down-payments on the [deve]lopment and construction costs of some 1,200 new generation Chieftain tanks.

The cancellation of all Iran's defence contracts with the West was announced in February. But the question of compensation is understood not to have been raised yet. Instead, Britain and Iran are believed to be considering what use the down-payments on the tanks, amounting to several hundred million dollars, should be put.

Officials close to the negotiations say there is no question of Britain resisting the termination of contracts, or of trying to revive them.

The most hopeful areas are in the resumption of arrangements on the maintenance of British-made equipment, especially the 800 Chieftains already delivered, and in training.

The resumption of programmes to train Chieftain tank and naval warship crews, and the setting up of a naval academy on the Caspian Sea coast are among the most likely programmes to survive the revolution.

Iran is also understood to be interested in the provision of spares and ammunition, especially after the cancellation of the $1.5bn ordnance complex near Isfahan, in which British companies have had a stake.

However, British military instructors are unlikely to return to Iran in the near future, until the Government has been able to establish total security throughout the country and curb the power of the local security committees.

In March two remaining members of the British training mission at Masjid-E-Suleiman in the southwest were detained for several days by a local committee investigating alleged irregularities in accounts.

China hints at delays on Dutch contracts

By Charles Batchelor in Amsterdam

CHINA HAS hinted at further delays in the placing of major contracts with Dutch concerns.

This follows indications yesterday that China would delay ordering a steel works from a West German consortium.

However, the Dutch Economics Ministry and the Port and Delta Consortium—which hopes to win a $1bn (£480m) harbour construction order, played down the impact on the schemes, which are already behind schedule.

China has set different priorities and a different time schedule for a number of projects, Mr. Li Quang, the Foreign Trade Minister, said at the end of a five-day visit to the Netherlands. This does not mean, though, that the projects will be cancelled, and it was already known they would be less spectacular than the first optimistic hopes expressed 18 months ago, an official for the Dutch Economics Ministry, said.

Port and Delta, headed by the Bos-Kalis Westminster construction group, the dredging equipment company IHC-Holland and the Nedeco design group, also stressed that delays are inevitable on one important project, the construction of a coal handling harbour at Lien Yun Gang.

Port and Delta submitted revised proposals to the Chinese in May.

The preparations are already at least 12 month behind schedule because of changes in the internal political situation in China and the time needed to arrange the financing. The original plan, under which the first stage of the harbour would have been completed by 1982 and the second by 1985 would, anyway, have required a major effort by the Dutch contractors.

FRENCH AEROSPACE INDUSTRY

Strategy begins to pay off

BY TERRY DODSWORTH IN PARIS

THE WAVE of euphoria which has swept through the French aerospace industry in the wake of the Paris Air Show has not been generated only by the obvious signs of success—the new Mirage 2000 and 4000 fighters, the recent explosion in Airbus sales, and the range of helicopters which are claimed to command a quarter of the free world's market.

It is also based on the feeling that the Government's strategy for the aerospace companies, painfully supported through the dark days of the Concorde and Airbus programmes, is beginning to pay off.

This belief was underlined by President Valery Giscard d'Estaing in his opening address to the Air Show.

"In this industry," he said, "one can see clearly the direct effect of exports on employment. The prospects are positive. It is now a question of not only maintaining aerospace activity but also of developing it."

His words clearly indicate that the industry will continue to enjoy the financial support which has helped to fruition the Airbus and some of the military programmes as well as the less-happy Concorde project.

Indeed, Cabinet backing has been promised for further developments at Airbus Industrie, which no whas three projects on the drawing board—a four-engined, short-fuselage, long-range aircraft; a wide-bodied, short-to-medium-range 300-seater, and a short-to-medium-range 120-130 seater.

For France's economic scout masters, aerospace is a classic example of the type of sector in which the country must excel. It is an advanced technology industry, demanding a high level of skills, and competing directly in world markets. It is also a healthy job supporter and a big exporter, and it is growing.

These points come through in the figures for the industry's recent export performance. Since 1975, sales overseas have almost doubled from FFr 7.2bn (£800m) to FFr 13bn. In the same period, imports have risen from FFr 2.7bn to FFr 3.5bn, although this figure is exaggerated by not counting the large bits and pieces of the Airbus imported from partner countries in the project. The industry is now the country's third largest exporter and has earned France a net FFr 40bn since 1970.

Exports have also clearly provided the main propulsion in the industry's recent expansion, rising from 46 per cent of total sales (FFr 15.5bn) in 1975 to 53 per cent in 1798, when turnover reached FFr 24·5bn. Order books indicate this pattern will continue, with overseas sales progressing faster as the cumulative effect of the expansion in Airbus sales works through.

In other words, French Government orders are now no longer the driving force for the industry.

The real star of the export scene remains Dassault-Breguet, the private sector company in which the State has recently taken a 20 per cent stake headed by M. Marcel Dassault, the famed designer and entrepreneur. Dassault, with its range of military and executive jets, has consolidated its position in international markets in the last decade with sales rising by 500 per cent since 1967 and accounting, at FFr 4.8bn, for 37 per cent of French Aerospace exports last year.

Visitors to the Air Show saw on display the equipment which forms the basis of the company's challenge in the military sphere for the next decade—the single-engined Mirage 2000 fighter, ordered by the French Air Force, and the twin-engined 4000, financed entirely by Dassault itself on the prospect of overseas orders.

The two other poles of the French aerospace industry, the nationalised Aerospatiale and SNECMA companies, have also been showing renewed signs of vigour. Aerospatiale, after years of heavy losses, culminating in a record FFr 621m deficit in 1976, is forecasting a small profit this year; SNECMA, the engine manufacturer, and a moderate profit-earner, is now being deluged with orders for its new CFM-56 engine, developed jointly with General Electric of the U.S.

The performance of these two groups underlines certain central policy aspects of the aerospace industry in the past few years. First, the companies have aimed to develop specialised sectors. Aerospatiale's helicopter division, created as a separate entity in the early 1970s, and a consistent profit-earner since then, is one example: SNECMA's new CFM-56 engine, aimed at a market for 10-tonne-thrust engines is another.

French manufacturers have been consistent supporters of co-operative arrangements with U.S. companies. SNECMA has been working with General Electric on the CFM-56 high thrust engine. Dassault-Breguet has set up an American subsidiary, as has Aerospatiale, whose helicoper division in the U.S. has just won a $215m order from the U.S. Coast Guard

Second, despite all the criticisms about the UK's supposedly pro-American aerospace policies, the French manufacturers have consistently supported co-operative deals with U.S. companies. SNECMA has been working with General Electric for seven years on the CFM-56, and is now developing the engine into other ranges. Dassault-Breguet has set up a U.S. subsidiary. Similarly, Aerospatiale has a U.S. helicopter division, and this company has just won a $215m order from the U.S. coastguard for 90 helicopters in which only 30 per cent of the parts will be exported from France.

Third, the general principle of co-operation is now well-established in the industry. The joint Franco-British Concorde and the Franco-German Alpha-Jet trainer from Dassault being key examples. Most spectacular of all is the Airbus project, bringing together France, West Germany, the UK, Spain, Holland and Belgium in shareholding capacities.

The performance of Airbus Industrie will in many ways determine the success of the French industry over the next decade or two. Success, in this case, may be defined at different levels.

There is the question of financial returns to its shareholders. Despite the recent flood of orders, it is likely to be the l ate 1980s before Airbus Industrie reaches the profits trigger point.

Airbus also is making a contribution to the French industry in the manufacturing orders it supplies to Aerospatiale, in charge of the final assembly of the aircraft. This assembly stage is not profitable at the moment, but it is expected to be.

UK NEWS

Post service appalling says users' council

BY JOHN LLOYD

THE Post Office's statutory consumers' body, the Post Office Users' National Council, has described the quality of the postal service as "appalling and unacceptable," and accuses the corporation of "reneging on promises" to its customers.

The PO is understood to have been shocked by the unprecedented attack, and to feel that its problems, especially external ones such as fuel shortages, winter transport strikes and train delays, have been insufficiently taken into account.

The criticisms come in the council's report on Post Office proposals to raise postal prices. These include a 1p rise in domestic letter charges.

In a strongly worded preface to the report, Mr. John Morgan, the council's chairman, says that the price rises are nominally subject to the council's views, but it had only a month to consider detailed proposals.

"The public is being grossly deceived if it thinks the present consultation procedure gives consumers an effective voice in the consideration of tariff proposals. When the proposals are put to us, they are already cut and dried, and have been 'reluctantly accepted' by Government.

The council had to consider two issues in looking at the proposals: first, "the appalling quality" of the postal service over the past year, and second, "the disastrous failure of working relationships between management and staff," which had meant that no agreement had been reached on increased productivity.

"The customer is expected to pay more for less and to 'pick up the tab' for the consequences of problems which it is the job of management and unions to resolve."

The council "reluctantly" accepts the domestic price increases, and recommends that:

● Overall increases of 19 per cent in overseas mail are too steep, and should be phased in, with no initial increase of more than 15 per cent

● All increases should be deferred to August 23, so that customers would have been given three months notice of the rises

● The corporation should make its future intentions on the postal order service clear, as the council "has the impression that National Giro would not be reluctant to withdraw this service."

In a swift response to the council's criticisms, Mr. Denis Roberts, managing director of the postal business, said that the cost of a letter had risen only 7 per cent in four years, while the RPI had increased by 50 per cent.

"Since 1976, productivity has improved by nearly 4 per cent, and the Post Office is delivering to 1m more addresses than it was four years ago."

● The Mail Users' Association, the independent organisation which represents the views of large postal customers, said that the council's proposals "present an early test of the new Government's resolve to improve efficiency in the public sector. If it really means business, it will accept the POUNC proposals without reservation."

Move to cover mounting loss of revenue

BY JOHN LLOYD

THE POST OFFICE'S postal business has begun lending money to telecommunications to cover the mounting loss of revenue caused by continuing industrial action by computer staff.

From the beginning of this week, posts has lent around £10m each day to cover temporary shortfalls in telecommunications revenue. The interest rate is the standard short-term money rate of between 13 and 14 per cent.

The Post Office said yesterday that the sums are now being repaid daily from receipts from telephone bills and other sources. Manually prepared telephone bills are said to be yielding between £4m-£5m a day.

The revenue is being lost because computer operators, members of the Society of Civil and Public Servants and the Civil and Public Servants Association, have refused to process computerised telephone bills.

The unions are pressing for rises of around 25 per cent, while the Post Office has offered 9 per cent plus grade restructuring payments of up to 10 per cent.

The loan is being seen as a strictly commercial one, and not as a subsidy from one business to the other. The postal business is thought to have a strong cash position at present, and to be able to sustain this level of lending for some weeks.

A further serious side effect of the action is the disruption in supplies of telecommunication equipment to the regions, which is now resulting in a growing backlog in installation of new equipment.

The white collar workers' strike has also held up the issue of telephone stamps, which were to have gone on sale at post offices last month. The stamps, costing £1 each, are meant to act as a way of saving for the quarterly bills.

Fossil fuel prices will double soon warns energy chief

BY DAVID FISHLOCK, SCIENCE EDITOR

THE WORLD price of fossil fuels will double in real money terms very soon, and Britain will be paying the world price, one of Britain's energy industry chiefs forecast yesterday.

Sir John Hill, chairman of the UK Atomic Energy Authority, said that by "very soon," he meant in less time than it would take to build energy plants using fossil fuel alternatives.

The price of coal would follow the price of heavy oil, allowing a discount to offset its inconvenience, Sir John told the British Nuclear Forum, trade association of nuclear energy manufacturers and customers.

The nuclear industry had a great future "provided we conduct ourselves reasonably sensibly.

"There is no reason why we should not build nuclear plant that can produce electricity safely, reliably and cleanly, with a very substantial advantage in cost over fossil fuels."

He called on the Government to show "crispness of decision," and to recognise that such an industry could not chop, change and hesitate. It was a government which believed in nuclear power.

The industry could have managed itself better, and had failed to contain costs and completion dates as well as it should have. But much of the blame lay with the lack of continuity of nuclear plant orders "which has made each order a one-off job, which everyone knows is an expensive way of doing anything."

He cited a U.S. study which showed that after a "once-off reduction" in relative energy demand, as a result of the fourfold increase in oil prices in 1973-74, energy demand was increasing again "with exactly the same relation to GNP as before." It also showed that electricity was growing at the expense of other fuels in the same relationship as before.

Sir John said the U.S. nuclear accident on Three Mile Island, was due to a combination of relatively small faults or deficiencies. None of these alone would have caused the accident, but collectively they had overwhelmed the defences. But it had not breached the reactor containment.

It had brought home dramatically the financial risks of a large nuclear plant to a small utility. The plant would be out of action for at least three years, and insurance would cover only a fraction of the total loss.

● A Rolls-Royce executive said yesterday that he was shocked by some of the high prices quoted by the British nuclear industry for components and sub-systems for U.S. nuclear reactors.

His company is part of a new reactor construction consortium, RNC (Nuclear), set up last year by Rolls-Royce, Northern Engineering Industries, and Combustion Engineering of the U.S. nuclear group.

RNC (Nuclear) has been inviting the UK nuclear industry to quote for contracts for some of the 1,300 MW pressurised water reactors on order from Combustion Engineering in the U.S.

Councils likely to oppose cuts plan

GOVERNMENT plans to cut local government spending are expected to be rebuffed by the key metropolitan authorities meeting in London today.

The metropolitan authorities are worried about the £300m cut in rate support grant announced by the Government, and view with increasing concern requests to produce plans for cutting council spending next year by up to 7.5 per cent.

The Association of Metropolitan Authorities appears likely to remain Conservative-controlled in spite of Labour gains in the May local elections.

Both Labour and Conservative metropolitan authorities are particularly concerned by Mr. Heseltine's call for studies involving cuts in council spending, of 2.5 to 7.5 per cent to be prepared by next month.

Inner-City review

MR. MICHAEL HESELTINE, Environment Secretary, has ordered a review of the workings of the seven inner-city partnership authorities, introduced by Labour, in an attempt to trim the bureaucracy and cut costs. Lambeth, one such area, announced this week that its programme allocation had been cut by £400,000 to £6.46m in the present financial year.

Colliery waste plan

A £150m scheme to transport Yorkshire colliery waste to the Humber estuary, where it would be used to reclaim 1,000 acres from the sea, is to be studied by local authorities in the area, in consultation with the National Coal Board and British Rail. Yorkshire coalfields' waste is expected to double in 20 years, with the threat of an environmental disaster.

Insurance cost up

MOTOR insurance premiums rose by 2.1 per cent between January and May, compared with a rise of 9.6 per cent between August last year and January, according to the Quotel Motor Insurance Quotations Index.

Steel exports rise

A YEAR after the opening of the £130m British Steel Corporation stainless steel production complex in Sheffield, exports of stainless steel in the last full financial year were two and a half times those in 1975-76.

Airline widens net

AIR EUROPE, the holiday airline that began operations from Gatwick last month, is to start flights from Manchester in October, and expects to fly 40,000 passengers during the winter.

Sulzer £7m Euroloan

SULZER BROS. (UK) has been granted a European Investment Bank loan equivalent to £7.2m to cover half the cost of building a new factory in Leeds to produce centrifugal pumps and pumping equipment.

Subsidies for shipbuilding will continue

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT is to continue subsidising shipbuilding orders for UK yards and is to press for an early EEC decision on a scrap and build scheme.

Ministers are convinced, however, that these measures will not prevent major closures in the industry. They are resisting proposals for even more generous support, including suggestions of building vessels for stock.

The Government is anxious to avoid removing support too swiftly, while at the same time trying to convince shipyard workers that they must compete or lose their jobs. These aims are likely to characterise the Government's policy for the industry, due to be outlined within the next month.

Ministers have had to accept that there is no prospect of finding buyers for British Shipbuilders' merchant yards. The Corporation lost £108m in its first nine months of trading and could well turn in a figure not much lower than this for the year just ended.

Ministers have told British Shipbuilders that support schemes will be continued, within so far undetermine financial limits, and that withi those limits the state corpore tion must decide which mei chant yards it wants to retair

Application has already bee made to the EEC for temporar extension of the shipbuildin intervention fund and the fun is likely to be renewed on permanent basis, at somethin like the £85m level authorise last year.

The problem is that in spit of the fund's subsidies of u to 30 per cent of contract pric most of the provision has r mained untouched because c the scarcity of orders. In th last two years, £71m has bee committed, from a total su available of £150m.

The European Commissio has drawn up a draft plan coste at £95m a year, but the Britis Government wants any schem to be financed by individu countries.

Mr. Adam Butler, the Indust Minister responsible for shi building, will next week vis shipyards on Tyneside, Wearsic and Merseyside and can l expected to emphasise the ne for higher productivity.

Belfast shipyard loses £25.4m

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

HARLAND AND WOLFF, the state-owned Belfast shipyard lost £25.4m last year and faces problems in getting Government subsidies for future orders because of European Commission resistance.

Sir Brian Morton, chairman, and Mr. Giles Shaw, the Northern Ireland Under Secretary responsible for industry, have both warned that improved productivity is essential if the yard is to survive in its present form.

Two years ago, Harland almost broke even on a turnover of £79.4m, but it lost £7.8m in 1977, and its fortunes have continued to deteriorate.

It showed a loss on work carried out last year of £21.4m and its accounts show provision for a further £9.3m losses on contracts to be completed beyond the end of last year.

Other costs, notably a £3m provision for compensating workers for industrial deafness, take the deficit to £25m on a turnover of £56.3m. Taking into account losses in previous years, an adverse balance of £62.6m is carried forward.

Sir Brian, in his chairman's statement, makes it plain that the yard's employees are to blame for much of the slide profitability.

During the year, the provisic for loss on work in progress ha to be increased from £8.6m £21.4m, largely because of " general lowering of perforr ance throughout the company considerably below that c which the 1978 delivery pr gramme was based."

For the immediate future, S Brian says there is no prospe of taking work other than "substantial loss-making price because of the depressed natu of world shipping.

● Clydedock Engineering, tl private ship repair compar owned by Mr. R. A. B. Butle who is also chairman of Britis Shipbuilders' Tyne Sh Repair Group, showed increase profits last year.

According to the company 1978 accounts, turnover ro from £3.75m to £4m and pre-ta profits from £256,000 £350,000.

The yard, which was r opened two years ago on disused upper Clyde shipbuil ing site, operates a profi sharing scheme which wi result in payments totallin £56,000 to the 250 employee this year.

Second electricity price rise in six months

BY RAY PERMAN, SCOTTISH CORRESPONDENT

A SECOND price increase in six months is planned by the South of Scotland Electricity Board because of rising coal and oil prices, which will add an extra £20m to generating costs in the current year.

The board increased its tariffs by an average of 9.9 per cent from April 1, a month before the English boards, and Mr. Roy Berridge, chairman, said yesterday that a further 7 per cent increase would be needed in the autumn.

He disclosed that the board had not been able to obtain all the coal it required from the National Coal Board and was negotiating for imports.

Already 11,000 tonnes of coal have been bought on the international spot market and are being unloaded at Leith for the Cockenzie power station in Lothian. Electricity Board officials are discussing with the Coal Board the failure of the nearby Monktonhall pit to meet a commitment to supply fuel to Cockenzie.

Miners' union leaders have criticised the proposal to import coal, although they acknowledge that production from the Scottish coalfield has fallen below targets.

Mr. Berridge added that the Electricity Board had budgeted to break even last year but had benefited from lower interest charges, a £3m saving from increased efficiency in conventional power stations and increased sales of electricity to the Central Electricity Generating Board.

The fresh price increase comes in spite of the £9.5m surplus made in 1978-79 and the fact that the Board hopes to have its Hunterston B nuclear power station back in full commission by the winter.

One of the station's two reactors has been under repair after sea water seeped into insulation in October, 1977. Repairing damage has made the cost of atomically generated electricity higher than power from conventionally fuelled stations, but the Board expects a 30 per cent reduction in nuclear costs when the Hunterston reactor is returned to service.

New scrap metal standards

By Roy Hodson

NEW STANDARDS governing the quality and grading of iron and steel scrap are to be introduced in August after agreement by the steel and reclamation industries to the recommendations of a joint working party.

Reclamation of ferrous scrap is now an industry with an annual turnover of approaching £1bn.

The joint committee has added detail to most of the specifications for ferrous scrap grades.

The new specifications have been devised by a joint working party set up by the British Steel Corporation, the British Independent Steel Producers' Association, and the British Scrap Federation.

The committee is recommending that the reclamation and steel industries should aim for greater harmony in scrap supplies. It is also proposing a review of specifications in one year instead of once every three to five years as originally planned.

Efforts will be made to devise better procedures for sampling scrap delivered to steel works to assess quality.

● The British Scrap Federation is expected to consider today the future availability of rail wagons to move steel scrap.

Struggle for oil will 'grow more intense'

FINANCIAL TIMES REPORTER

THE STRUGGLE between advanced industrial countries over increasingly scarce oil supplies had already begun and would grow more intense, Mr. Wallace Hopkins, deputy executive director of the International Energy Agency, warned yesterday.

He said that "the social and political apparatus" which had grown up around the British coal industry should not preempt consideration of increased imports of cheap coal to replace imports of oil. "I suggest that with coal available in the world market at prices considerably below UK prices, it is a situation which wants watching."

Imports of Australian and Polish coal as high as 5m tonnes a year are now being considered by the Central Electricity Generating Board, but any decision to take out contracts for this amount is certain to be controversial.

Mr. Hopkins was speaking yesterday to a meeting of the UK Chapter of the International Association of Energy Economists. He said that greatly increased use of, and world trade in, coal was a necessity if the world economy was not to "go off the economic rails."

Assuming a growth rate of 3.4 per cent, energy needs would increase in a ratio to the growth rate of about 0.7. Given a number of assumptions on oil supply, that would result in a theoretical "energy gap" of 4m barrels of oil equivalent a day by 1985, rising to 10m barrels by 1990, and to 25m barrels by 2000.

Without a massive increase in the use of coal, and of nuclear power, that gap could only be closed by "the classic method of price inflation leading to falling output."

The IEA had assumed that production from Iran was unlikely to exceed 4m barrels a day, and might fall; that Saudi Arabia's future output was unlikely to rise much beyond 10m barrels a day; and that most oil-producing states were reconsidering their oil production policies after the events in Iran.

Plans to fight Channel oil spillage go ahead

BY OUR SHIPPING CORRESPONDENT

ANGLO-FRENCH arrangements for fighting oil pollution in the Channel were yesterday given initial approval after a mock disaster exercise.

Mr. Norman Tebbitt, Trade Under Secretary for Shipping, said that officials on both sides of the Channel had worked well together and the lines of communication appeared to be good. They would go on to study more in detail the availability of pollution-fighting equipment.

The exercise, carried out only on paper and by telephone, simulated a collision in mid-Channel between a large oil tanker and a ferry carrying more than 900 people.

It had been drawn up by the French authorities and repeated several features of the Amoco Cadiz accident, which resulted in massive pollution of the Brittany coast last year.

Rear-admiral Michael Stacey, who heads the Department of Trade's anti-pollution unit, admitted that there were still some important uncertainties in dealing with pollution incidents in the Channel.

One is the difficulty of persuading any port authority to accept a crippled tanker for repair because of fears about coastal pollution.

"This is something on which we are hoping for international agreement. It is one of our biggest problems," he said.

He had not so far seen any case for spending more on oil pollution defences, but the unit would keep under review the availability of salvage tugs.

Giordano takes top BOC job

By Nicholas Colchester

BOC INTERNATIONAL has appointed Mr. Richard Giordano, pictured above, president and chief executive of U.S. group Airco, as its new group managing director. He is thus earmarked to become the successor to Sir Leslie Smith at the head of the industrial gases group.

Mr. Giordano resigned 18 months ago from the BOC board in a dispute over BOC's move to gain control of Airco. He rejoined in January, after Airco had become a wholly owned subsidiary.

Now he will, according to BOC, "assume full executive responsibility for the group's future performance."

Yesterday's appointment follows the recent departure of Mr. John Williams, who was BOC's chief operating officer, for health reasons. Sir Leslie Smith said last night: "John Williams is leaving on purely medical grounds. Having lost his services, the board unanimously decided to turn to Richard Giordano."

Mr. Giordano, whose appointment starts from October 1, will spend at least six months of the year in Britain and is giving up his positions at the top of Airco. Sir Leslie, aged 60, is to relinquish the title of chief executive, but he remains chairman. He hopes to be chairman until BOC's centenary in 1986.

BOC's equity links with Airco date back to 1973 when the U.S. company, fearing a takeover bid, invited BOC to buy a protective shareholding in the company.

In late 1977, BOC, ironically, used that holding as a springboard for its own takeover of Airco. In the bitter tussle that followed Mr. Giordano resigned, much to BOC's dismay, as its management valued Mr. Giordano highly.

Port traffic increases but earnings fall

BY OUR SHIPPING CORRESPONDENT

TRAFFIC through British ports last year reached its highest level since 1974, but the overall financial performance of the major ports declined.

Provisional figures in the annual report of the National Ports Council show that the 28 major ports earned a 9 per cent return on capital in 1978, compared with 10 per cent in the previous two years.

The report says the poorer performance reflects "recession and inflation," but adds that there was a wide variation in returns from individual ports. The most severe financial problems were at the Port of London.

Total traffic through the ports reached 350.9m tonnes, compared with 336.2m tonnes in 1977. This was a 4 per cent increase, due largely to higher exports of North Sea oil. Non-fuel exports also rose to the record figure of 36.5m tonnes —an increase of 2m tonnes.

East coast ports continued to expand at the expense of West coast ports, both in fuel and non-fuel cargoes. Non-fuel traffic through Eastern ports rose by 8 per cent, against a 1 per cent decline for Western ports, reflecting Britain's increased dependence on trade with Europe.

In oil traffic, Britain remained a net importer in 1978 with 79.1m tonnes, compared with exports of 53.4m tonnes, but the gap is steadily narrowing.

National Ports Council, annual report 1978. Commonwealth House, 1-19, New Oxford Street, London WC1A 1DZ.

Grand Met group poised to sell drink to Chinese

BY COLLEEN TOOMEY

INTERNATIONAL Distillers and Vintners, the wine and spirit subsidiary of Grand Metropolitan, is poised to take on the Chinese market with the formation of a new company in Hong Kong.

The company is a joint venture with locally-based A. Dransfield. IDV has a 50 per cent stake estimated at around £100,000. Dransfield has been IDV's agent in Hong Kong since 1975.

The Hong Kong market for brandy, whisky and table wines is comparatively small, but IDV intends to strengthen its position in the Far East and has recently made moves, through Dransfield, to sell liquor to the Chinese.

"We regard this company as a base for China," IDV said last night.

Two major spirits being promoted by the new company are J & B Rare Scotch Whisky, which IDV is determined to make the world's top seller, and Salignac Cognac, for which it acts as agent.

The Chinese in Hong Kong are big consumers of brandy and whisky—62,000 hecta litres of brandy and 39,000 hecta litres of whisky were drunk in Hong Kong in 1977.

GKN director rejects offer

MR. PADDY CUSTIS, finance director of GKN, has rejected an invitation to join the Accounting Standards Committee, the rule-making body on accounting.

Mr. Custis said yesterday that membership of the committee would be incompatible with his position as chairman of the Midlands Industry Finance Directors Group, a pressure group formed two years ago to influence the company accounting standard-setting process.

Sound economy essential–Jenkin

A "SOUND and thriving economy" must be the foundation of all welfare provision, Mr. Patrick Jenkin, Social Services Secretary, said yesterday.

In the Dame Georgina Buller Memorial lecture at St. Margaret's Westminster, Mr. Jenkin pointed to new challenges facing the National Health Service, including the rise in numbers of people aged over 85.

Prime coin collection attracts foreign bids

SALEROOM

BY ANTONY THORNCROFT

ONE OF the best collections of Greek and Roman coins to be sold in London for some time made £362,817 at Sotheby's yesterday. It was the property of Patrick Doheny of California. The top price was the £36,000 paid by the Bank Leu of Zurich for an aureus of Diadumenian, as Caesar, dating from 217-218 AD and very rare.

An aureus of the Emperor Galba of 68-69 AD went for £11,200 to a Californian dealer, who also paid £11,000 for a gold trihemistater of Zeugitana from Carthage of 260 BC and the same sum for an aureus of Septimus Severus, the Roman Emperor from 202-210 AD.

The sale of 19th century continental paintings at Sotheby's brought in £391,395. The top prices were £13,000 and £10,000 paid for two works by the German artist Christian Mali of cattle on country lanes. At Sotheby's, Belgravia, Alexander of Glasgow paid £40,000 for two pairs of bronze and breche violette candelabra of the mid-19th century.

An art nouveau diamond gold and enamel collar by Lucien Gaillard sold for £21,000 at Christie's in a jewels sale which totalled £221,995. Music, the London dealer, paid £16,000 for a diamond ring with a single stone of 4.35 carats. In a sale of modern sporting guns, two pairs of unused double-barrelled hammerless shotguns by Purdey fetched £34,000.

Two other auctions at Christie's were Japanese works of art, totalling £135,083, and antiques, which made £131,500. Top price in the oriental sale was the £7,500 for a bronze rectangular small cabinet of the late 19th century, while a North Italian half-armour of the early 17th century, probably made for a prince of the House of Savoy, went for £23,000. An early 18th century Dutch flintlock sporting garniture by Jan van Wyck of Utrecht sold for £15,000.

Government 'is backing small businesses'

BY NICHOLAS LESLIE

A GOVERNMENT commitment to creating the conditions in which small businesses can prosper was given yesterday by Mr. David Mitchell, Parliamentary Under-Secretary at the Department of Industry.

Mr. Mitchell, who has been given special responsibility for small businesses, was speaking at the Durham University Business School at the presentation of prizes totalling £17,500 to finalists in the Build Your Own Business competition, sponsored by Shell UK.

The Government, he said, was "etermined to create the environment and the business climate in which very many people will feel that it is worth while to start a business of their own."

Cuts in income-tax were an incentive and, in the new climate, "people should be proud of their success," creating wealth for themselves and the country by building up their business while adding to the tax base. Obstacles to small firms would be removed, including, in particular the burden of form filling.

The competition is part of an initiative by Shell, launched last November by Mr. Michael Pocock, its chairman, to help small businesses.

The contest attracted more than 1,400 inquiries and 374 entries. Its aim was to generate new business formations in the North-east.

The first prize of £7,500 was won by Mr. Keith Lumsdon, aged 42, a mining engineer, who hopes to establish his drift coal mine in South Shields, subject to the National Coal Board's granting him a lease on a 15-acre site, and to planning permisssion.

Mr. John Fisher, aged 36, won the £4,000 second prize for developing a thermometer that records maximum and minimum temperatures using a dial and pointers rather than a conventional mercury scale. Mr. Fisher has established his business at Whitehaven in the course of the competition.

Three joint third prizes of £2,000 were awarded to Mr. David Walton and Mr. Roger McAdam, partners who propose collapsible, returnable, low-cost storage bins and have recently begun to produce them; to Mr. Dirk van den Broek and Dr. Ian Eastham, who have formed Enviro-Systems to produce three fuel-saving devices; and to Mr. Michael Muldoon, a zoologist, and Mr. Bill Templeton, an accountant, both at the London Business School, who hope to establish a commercial rabbit breeding company.

Mr. Keith Walley, managing director of Shell UK, outlining his company's involvement in the competition, described it as an unqualified success and hoped that it would be the first of several similar competitions.

No second runway, but new Gatwick terminal

Y LYNTON McLAIN

BRITISH Airports ...ority has confirmed that ... is to be no second runway ...twick Airport, London, in ...fort to clear the way for a ...d terminal and a boost in ...nger capacity from 16m to ... a year in six years.

...second runway at the air... has not been a possibility ... the Government White ... on Airports Policy ruled ... in February last year.

... there have been fears ...d Gatwick that the British ...rts Authority's plans for a ...d terminal—backed by the ... Paper—would be used as ... of getting approval for a ...d runway.

... second terminal is ...ted as essential by the ...nment and the authority if demand for air services in the 1980s is to be met even if a third London Airport is built. A third airport would rule out any need for a second Gatwick runway.

In a legal move largely designed to ease the way for the proposed second terminal at Gatwick, the airports authority said yesterday it had reached a legally-binding agreement with West Sussex Council. This merely confirmed the White Paper policy that there should be no second runway.

In return for these almost superfluous assurances, the council has agreed not to pursue the issue of a possible second runway at the inquiry into the second terminal.

● A floating airport to serve the oilfields in the East Shetlands basin has been proposed by Seaforth Maritime.

The Seaforth "Stolport" would have a 2,000 feet runway, 230 feet wide, designed for handling the four engined de Havilland Dash 7 short take off aircraft.

The structure would be designed to steer into the wind to assist take-off.

● A campaign to fight the siting of London's third airport at Langley, Hertfordshire, was started last night.

Mr. Ian Stewart, MP for Hitchin, told a meeting: "The whole concept of an inland site is disgraceful."

The meeting was also told that the airport plan would put 5,000 acres of farmland at risk.

Shell cuts its oil-based products deliveries by fifth

SUE CAMERON, CHEMICALS CORRESPONDENT

...L Chemicals UK has ...ed force majeure on ...ries of polyethylene, poly...ie and a range of its ...trial chemicals. Supplies ...stomers have been cut by a ...

... declaration of force ...re permits the company to ... contracts. It said yester...at it had had to take the ...ecause of a shortage of ...ne, the oil-based raw ...ial used to make certain ...es and industrial ...cals.

... main reason for the ...ge was the temporary ...ng down of two of Shell ...cals' plants at Carrington ...nchester.

However, the position had been made worse by the world shortage of oil. Normally Shell Chemicals would have been able to buy extra ethylene from other producers, such as Imperial Chemical Industries, but that had proved impossible. Other manufacturers had no ethylene to spare because of the shortage of naphtha, a vital petrochemical feedstock used to make ethylene.

One of the Carrington plants, an ethylene cracker, was closed this year for modifications but the company met technical difficulties in restarting it.

Now Shell plans to put its low-density polyethylene plant out of commission throughout next month and August so that its capacity can be increased by 80,000 tonnes a year.

The company said that it had overcome its technical trouble with the ethylene cracker, which was back on stream. It therefore hoped to resume normal deliveries of industrial chemicals, such as ethylene glycol, used in the manufacture of anti-freeze, and of polystyrene, a plastic, from the beginning of next month.

However, supplies of polyethylene would continue to be a fifth less than normal until the beginning of September. Shell said that it had chosen to shut the low-density polyethylene plant during the summer so as to cause the least inconvenience to customers.

State to sell Vauxhall Bridge site

ANDREW TAYLOR

MICHAEL HESELTINE, ...nment Secretary, has ...ted estate agents Jones Wooton to make the first ...al of surplus Government ...

...7-acre site at Vauxhall ..., London, will be sold by ... next year.

... sale is in line with Mr. ...ine's recent statement that the Government would make a stock-take of all its land and dispose of any it did not need.

The land was purchased in 1967 and earmarked for Government offices. Several proposals were considered, but building work was never started. The site is currently let as a car park.

There is no planning permission for office development and moves to build a complex would almost certainly arouse opposition from Lambeth Borough Council, the sponsoring local authority.

The Government's plans to develop the Vauxhall site were dropped in the mid-1970s

Mystery voice warning to City

BY CHRISTINE MOIR

A "MYSTERY VOICE" has been ringing stockbrokers with bogus orders, and approaching companies with spurious invitations to bid talks, the London Stock Exchange said yesterday.

So persistent have the calls become that the Stock Exchange has taken the rare step of issuing a public warning to companies and member firms to be on their guard.

The warning says "a number of different names and addresses have been given, but there is reason to believe that the orders originate from a single source."

Bogus calls

A long list of the alleged "aliases" have been sent to member firms. They have also been reminded to be punctilious in checking new clients. The brokers operate a mutual reference society which cross-checks new clients against other brokers' lists.

A spokesman for the Stock Exchange said the bogus calls have been going on for many months "if not years" and are believed to be still happening.

There have also been several reports of spurious bid approaches to companies. Early last year details of two of these—to Senior Engineering and Marshall's Universal were handed over to the Fraud Squad, but it seems unlikely that their inquiries will lead to charges being laid by the Director of Public Prosecutions.

The approaches to Senior and Marshall's both came originally from Manchester, from a "Mr. Isadore Gabel" and a "Mr. David Maltz" respectively, each claiming to be acting as agent for an overseas company interested in making a bid.

Neither accepted an invitation from the Stock Exchange to answer questions about the deals.

Monsanto confirms plants must go

BY SUE CAMERON, CHEMICALS CORRESPONDENT

MONSANTO, the U.S.-based chemicals group, has confirmed its decision to close its nylon fibres business in the UK with a loss of 1,500 jobs.

The company said yesterday that it had looked carefully at employees' proposals for saving its four nylon plants but it had had to turn them down.

The company has two nylon plants in Ayrshire, the main one at Dundonald, and two more factories at Crook and at St. Helen's, Auckland in County Durham.

Mr. Eric Sharp, Monsanto's UK chairman, said a cost-saving proposal put forward by trades unionists and employees from the Dundonald plant had been "analysed carefully." But although the plan would have helped to reduce losses, "it did not sufficiently improve the prospects for returning the plant to viability."

During the past four years, Monsanto's UK nylon fibres business has suffered pre-tax losses of £8.9m and the group says studies have shown that long-term prospects are "poor."

Monsanto said it would be holding talks with employees to arrange details of the forthcoming plant closures.

British Linen Bank to offer mortgages

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE British Linen Bank has become the first merchant bank to move into the mortgage market, with a scheme linked to endowment insurance policies offered by the Life Association of Scotland.

Like the English and Scottish clearing banks, who have recently offered home loans, British Linen wants to increase its share of an increasingly attractive and secure lending field.

Mr. Ian Brown, chief executive, said response to a pilot scheme had been so good that the bank expected home loans to become a significant part of its total lending.

Like other bank mortgages, the British Linen scheme is aimed at the top end of the housing market. There is a lower limit of £25,000, but no upper limit.

It differs from the schemes already on offer in that it is tied to Finance House base rates rather than to bank base rates. British Linen is offering 3 per cent above Finance House rate, giving a rate of 15 per cent at present levels, 1½ per cent less than the figure on offer from the clearing banks.

Another difference is that the scheme will be offered through the Life Association's national brokers network which already has a substantial mortgage business.

Loans will be available for up to 25 years or to retirement age if this is earlier.

British Linen, part of the Bank of Scotland group, is a relatively young bank and is striving to build up its activities outside Scotland.

Mr. Brown said: "We would expect to do much business in any area of the UK where the escalation in house prices has caused a problem in obtaining housing finance. We think that as a merchant bank we may appeal to businessmen who do not necessarily want to get their mortgage from the same bank that handles all their other affairs."

Scots build more private homes

PRIVATE housebuilding in Scotland reached record levels last year, compensating for a decline in public sector housing starts and completions.

The annual Scottish Housing Statistics published yesterday show that more than 14,000 private homes were completed in 1978, an increase of 2,000 on the previous year, and work was started on another 16,500 houses, an increase of 4,000 on 1977.

In the public sector houses completed fell by 3,700 to 11,300 while work was started on 9,000 new houses, a fall of 700.

Balance of payments puts rein on economic growth

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PERCENTAGE INCREASE OVER PREVIOUS YEAR	1977				1978				1979
	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st qtr.	2nd qtr.	3rd qtr.	4th qtr.	1st* qtr.
Unit labour costs†	10.7	10.8	9.5	9.9	10.7	10.2	11.1	14.0	13.8
Import prices‡	25.8	17.4	13.3	6.3	2.2	3.5	3.2	3.5	5.7
Consumer prices	15.2	16.3	15.7	12.4	10.4	8.1	8.0	8.0	9.1

* Bank estimates. † Excludes effects of North Sea production on Gross Domestic Product.
‡ Includes North Sea production used as import substitute.

THE BALANCE of payments may be an uncomfortably close constraint on faster economic expansion until the underlying trade performance can be improved, according to the Bank of England Quarterly Bulletin, published yesterday.

The bulletin suggests there will be little expansion until the longer-term impact of the Budget is felt. As retail prices come to reflect more fully recent increases in earnings and the rise in oil prices, real purchasing power and consumers' spending may grow more slowly.

"As a result of the cuts in public spending, Government purchases and employment should fall little. Weak demand will affect not only domestic output but imports, the rise in which should, therefore, also be restrained; and the current balance of payments might, after the deficit in the first quarter, return to balance or small surplus. Such a balance of payments performance would, however, given all the circumstances, be very poor."

After the once-for-all effects of the Budget, prices may rise only a little faster during the rest of this year than in earlier months. In the rest of the financial year, the effect on spending power of the Budget's increases in indirect taxation should be more than offset by the cuts in income tax.

Wage costs

Whether the pace of inflation can be reduced next year will mainly depend on wage costs. With company profits suffering a check, the rise in earnings in the next pay round may be in many sectors less than in the current round. This is what is needed to bring inflation down. The prospect of economic growth in later years will be greatly enhanced if it is achieved.

The bank specifically gives strong support to the objectives of last week's Budget. "The longer-term effects of the considerable reduction in income tax and the restraint of public spending should prove to be beneficial to enterprise and the economy."

The bulletin looks at the relaxation of exchange controls which the bank has been urging for some time within Whitehall.

It notes that "the retention of exchange controls has entailed some sacrifice of longer-term investment opportunities, a consideration now especially critical given the need to convert the benefits of North Sea production into durable form."

"After 40 years in which controls have been continuously in operation, it is difficult to assess in advance the exact reaction to major relaxations; and the recent relaxations, therefore, stopped well short of complete abolition. But they represent a major first step in areas where there appeared to be a longer-term benefit to the UK, or where controls have proved particularly irksome or difficult to administer."

In the commentary section of the bulletin, the Bank notes that *profitability is again under pressure*. For last year as a whole, non-North Sea companies' real rate of return was probably about 4½ per cent before tax, little changed since 1977. Profitability was being eroded towards the end of 1978 because of increasing raw material costs, a firmer exchange rate, the increase in the national insurance surcharge and the stagnation of output and productivity.

"The squeeze on profitability has probably continued in 1979. Sharp increases in the price of oil have exacerbated cost pressures. Profitability will also have been adversely affected in the first quarter by industrial disruption. The prospect is that the pressure on the profitability and financial position of companies will continue. Meanwhile, the improvement in company liquidity, which was particularly marked in the second half of 1977, came to an end last year.

A special article in the bulletin updates estimates of company profitability and the cost of capital. This shows that post-tax real rates of return were last year lower than in 1974. The article also looks at the incentive to invest as represented by the ratio of the real rate of return to the cost of capital—known as the valuation ratio.

Research in the bank suggests that investment has been low when the valuation ratio has fallen below one. This ratio recovered sharply in 1977 and was virtually unchanged last year. There was a higher level of investment in both years, but the incentive to invest is still more subdued than in any year before 1974.

Debt

The article also notes changes in the debt structure of industrial and commercial companies. In particular, the proportion of total nominal debt represented by bank borrowing has risen from 42.2 per cent in 1970 to 74.7 per cent in 1978. In the same period, the debenture share has fallen from 47 per cent to 22.6 per cent, while preference share last year accounted for only 2.7 per cent against 10.8 per cent in 1970.

The commentary contains a detailed discussion of trade competitiveness. In terms of cost competitiveness—measured according to the International Monetary Fund's index of relative normalised unit labour costs (adjusting for cyclical variations) — most of the improvement during 1976 has now been reversed.

Exporters do not seem to have allowed this to cut into profit margins. Since the rise in margins in 1976 there has been little change in relative export profitability.

The bank points out that changes in relative labour costs appear to influence export volumes over a considerable period (four years). At any time, therefore, effective (that is currently operative) competitiveness is taken to be a weighted average of both current and past levels of actual competitiveness.

As the impact of the 1976 depreciation now diminishes there is likely to be a deterioration in effective export cost competitiveness during this year. The position for imports of finished manufactured goods is less clearcut, but the lags seem to be much shorter than for exports, and effective competitiveness for imports has already shown an appreciable deterioration.

On pay, the bulletin says evidence so far suggests that the eventual increase in earnings (after discounting the effects of back-pay) may be in the range of 13 to 16 per cent in the current round, though this partly depends on settlements still to come.

Comparability studies could have a significant effect later on. "If relative earnings in the non-trading public sector were to be restored to the average position in April over the years 1970-78 this would lift earnings in the non-trading public sector by around 5 per cent and directly add 1 per cent to the overall earnings index."

In the labour market the bulletin shows that all but 13,000 of the 186,000 rise in total employment during 1978 was accounted for by Women. This reflects the relative strength of the service sector, the preference of some employers for taking on part-time workers and the apparently greater willingness of female workers to fill vacancies offering relatively low pay.

"Nevertheless, by far the largest part of the fall of 101,000 in registered unemployment in this period has been among men, suggesting some growth in the numbers of self-employed and also a tendency towards earlier male retirement, thus creating vacancies without any increase in overall employment."

Shift away from M3 suggested

SUGGESTIONS that the authorities should attempt directly to control the monetary base rather than attempt to control sterling M3, the broadly defined money supply, are discussed in a special article in the bulletin.

The article has been prepared by Mr. Michael Foot, Mr. Charles Goodhart and Mr. Anthony Hotson of the Bank's Economics Intelligence Department.

The monetary base is effectively the liabilities of the monetary authorities, notably notes and coin held by banks and bankers' balances at the Bank of England. Sterling M3 is notes and coin in circulation plus time and sight deposits.

The authors note that critics of the authorities' present approach to monetary management often contrast this with what might be obtained if the authorities were instead to adopt monetary base control. But there are several variants of monetary base control which is in itself an imprecise term.

They argue that strict control of the base would continually threaten frequent and potentially massive movements in interest rates, if not complete instability.

"Even for control over longer periods than day-to-day regulation strict control of the base would throw onto financial markets the whole burden of adjustment at present shared by the Bank of England's lender of last resort facilities, its open-market operations, its foreign exchange intervention, and the permitted short-term variability in the level of balances held by the clearing banks at the Bank of England.

"More relaxed versions of such a control system might be accompanied by changes in the functioning of certain debt markets, though any such changes should perhaps be considered on their own merits quite separately, and might provide the authorities with additional information to allow prompter and firmer contervailing action. Any such putative benefits would, however, have to be weighed against the costs of making major structural changes in the system."

The key is to allow proper and sufficient adjustment for the banking system. A relaxed monetary base system might improve the authorities' control. This might apply if movements in the monetary base proved to be an informative leading indicator of future developments.

Another source of benefit might occur if a monetary base system entailed or encouraged a change in the structure of financial markets which allowed the authorities to control the volume of debt sales to the non-bank public more closely and effectively.

Need for change in gilts market is questioned

NET OFFICIAL SALES OF GILT-EDGED STOCK (£m)

	Total net official sales(+)	Other public sector	Banking sector	Savings banks	Insurance companies & pension funds	Other financial institutions	Industrial & commercial companies	*Persons (residual)*	*Overseas sector*
				Purchased by:					
					Non-bank private sector				
1972	−519	−1	−1,114	193	305	−68	16	−23	173
1973	1,543	−13	−35	113	509	79	39	735	116
1974	664	−29	−146	−4	201	97	−39	603	19
1975	5,208	−5	812	31	2,503	776	92	1,005	−6
1976	5,399	4	68	270	2,976	84	123	1,744	130
1977	7,293	2	708	579	3,346	764	88	822	984
1978	5,052	108	−60	519	3,958	310	−2	319	−100
Total	24,640	66	233	1,701	13,798	2,042	317	5,205	1,278

SCEPTICISM about either the desirability or relevance of various suggested changes in the management of the gilt-edged market is expressed in a special article in the bulletin.

The 12-page article explains the evolution of gilt-edged market management over the last decade and examines various possible changes.

The conclusion is that "erratic, short-run, month-to-month fluctuations in the rate of growth of sterling M3 (the broadly defined money supply), or indeed of any other monetary aggregate, may derive from a number of causes, and are not likely in themselves to be important.

"Monetary control is therefore properly directed to the trend of monetary growth over a longer period. As this emphasis becomes more widely understood, and provided that investors are convinced that the authorities are prepared to take the steps necessary to maintain this control, unjustified reaction in the gilt-edged market to erratic short-term fluctuations in monetary growth may diminish."

"While there may, nevertheless, be scope for further technical changes in gilt-edged market management, which are designed to improve the authorities' capacity for shorter-term monetary control, one cannot properly expect that such changes will serve in place of substantive policy changes that become necessary from time to time in other areas."

The article states that present policies have enabled the funding in the gilt-edged market of Government borrowing to make an important contribution to the objective of controlling the trend in the growth of the money supply. Closer month by month control is not achievable, partly because gilt-edged funding may be interrupted from time to time as a result of a weakening of investor confidence.

The Bank notes that steps have been taken to secure a smoother flow of funding to moderate the effect of such interruptions, notably the issue of partly-paid and variable interest rate stocks.

The article discusses various suggestions for further changes put forward "with the aim of improving the authorities' capacity for short-term monetary control and of reducing the risk of the authorities having to accept interest rate fluctuations, or to take preventive policy action, not justified by the underlying economic circumstances."

The bulletin maintains that "some, at least, of these suggestions would seem likely to add to, rather than diminish, the short-term volatility of interest rates without necessarily leading to greater stability, or to lower interest rates, over the somewhat longer term."

These comments are in particular made about proposals fo more aggressive pricing of ta stocks on offer to the market— which might increase uncer tainty and restrict marketabilit — and about suggestions for render system for new issues On the latter, the Bank says tha in the U.S., which uses this tech nique, the structure of th market is different, sinc Government bonds do not dom nate the capital market as i the UK.

UK had year-end liability of £1.2bn

THE BALANCE sheet of the UK's external position shows a small net external liability at the end of 1978, for the fourth year running.

An inventory of the UK's net external position in the bulletin shows that the net liability last year was £1.2bn compared with £1.6bn at the end of 1977.

The net external assets of the private sector, which had fallen in 1977, recovered slightly in 1978 and offset a small increase in the net liabilities of the public sector.

The Bank notes that, because of problems of valuation and identification—the absence of estimates for property at home or abroad—the figures should be taken as no more than broad orders of magnitude.

"When total assets and total liabilities are each estimated at over £150bn, the small difference between them, of just over £1bn, may be regarded as a position of approximate balance. This impression is strengthened when it is considered that the gold holdings in the official reserves were still valued, at the end of 1978, at the officia prices." They would now b valued at nearer the marke price, adding on more tha £1.5bn at the end of las December.

Changes in the UK's extern balance reflect not only th current account surplus o deficit but also changes in price and exchange rates, and othe revaluations. These latte influences were not as great a in recent years because of th smaller movements in th exchange rate.

The steady decline in the UK' net external assets in recer years has been reflected in sharp rise in interest, profit and dividends paid abroad—u 172 per cent since 1974—whil receipts in this category hav increased by only 49 per cen

Copies of the Bank o England Quarterly Bulleti may be obtained from th Economic Intelligenc Department, Bank o England, London EC2 8AH.

NET EXTERNAL ASSETS (+)/LIABILITIES (−): SUMMARY

£ billions

	End-1975	End-1976	End-1977	End-197
Investment	+6.0	+9.2	+5.0	+4.
Banking and commercial	−2.0	−0.6	−2.0	−0.
Net external assets of the private sector	+4.0	+8.6	+3.0	+3.
Public sector (other than reserves and other official financing)	−4.1	−3.8	−5.7	−4.5
Reserves and other official financing	−1.7	−6.0	+1.1	−0.1
Net external liabilities of the public sector	−5.8	−9.8	−4.6	−4.8
Total net external liabilities of United Kingdom	−1.7	−1.2	−1.6	−1.2

Oil states may make $20bn investments

THE CASH surplus of the oil-producing countries available for investment is expected to rise sharply this year following the increase in oil prices.

The Bank of England bulletin estimates that the cash surplus may be in the region of $20bn to $25bn this year compared with just under $12bn in 1978 and $34bn in 1977.

The pattern will depend on developments in Iran and on the possibility that some oil exporters may increase their imports of capital goods once more because of the larger oil revenues at their disposal.

The sharp reduction in the cash surplus between 1977 and 1978 reflected a combination of a 4 per cent fall in the oil revenues of the oil-producing states and a 15 per cent rise in the value of these countries' imports.

"A notable feature of last year was that Saudi Arabia drew around $3bn from her reserves; several factors were involved—a fall in the volume of oil exports, the weakening of the U.S. dollar and a continued high growth in imports.

"The decline in the value of the dollar may have influenced the deployment of the oil-producer surpluses last year. There was a $1.7bn outflow from the UK (following a $4.1bn inflow in 1977). This was principally from foreign currency (especially U.S. dollar) deposits with UK banks.

"The surplus placed in the U.S. was small, with an outflow of funds from U.S. Treasury bonds and other short-term paper; bank deposits in the U.S. were built up in the fourth quarter when there was some recovery in the dollar." Total investments in the U.S. were $1.3bn last year, compared with $9.2bn in 1977.

ESTIMATED DEPLOYMENT OF OIL EXPORTERS' SURPLUSES

$ billions

	1976 Year	1977 Year	1978 Year	1st half	3rd qtr.	4th qtr.
United Kingdom						
British government stocks	0.2	—	−0.3	−0.3	—	—
Treasury bills	−1.2	−0.2	0.2	0.2	0.1	−0.1
Sterling deposits	−1.4	0.3	0.3	−0.2	0.2	0.3
Other sterling investments	0.5	0.4	0.1	0.1	—	—
British government foreign currency bonds	—	0.2	—	—	—	—
Foreign currency deposits	5.6	3.4	−2.0	−1.9	0.5	−0.6
Other foreign currency borrowing	0.8	—	—	—	—	—
	4.5	4.1	−1.7	−2.1	0.8	−0.4
United States						
Treasury bonds and notes	4.2	4.3	−1.6	−0.8	−0.2	−0.6
Treasury bills	−1.0	−0.8	−0.9	−0.8	−0.5	0.4
Bank deposits	1.6	0.4	0.7	−0.2	−1.3	2.2
Other	7.2	5.3	3.1	2.1	0.6	0.4
	12.0	9.2	1.3	0.3	−1.4	2.4
Other countries						
Bank deposits	6.5	7.5	3.6	1.5	−0.1	2.2
Special bilateral facilities and other investments	12.2	17.4	8.6	3.7	2.7	2.2
	18.7	19.9	12.2	5.2	2.6	4.4
International organisations	2.0	0.3	0.1	—	—	0.1
Total	37.2	33.5	11.9	3.4	2.0	6.5

TUC stands firm against employment law changes

BY ALAN PIKE AND LISA WOOD

E GOVERNMENT'S first tative steps towards changing ects of the employment law ich it inherited from Labour t firm opposition from the C yesterday.

Members of the TUC Employ- nt Policy and Organisation nittee declared themselves inst changes in the law on air dismissal and the idling of redundancies which James Prior, Employment retary, has indicated are ler consideration.

The TUC is expected to set out ailed arguments against the nges in a letter which will go Mr. Prior from Mr. Len rray, general secretary, ing the next few days. Union ders are acting with some te because changes in these areas could take place with- new legislation.

Mr. Prior has said he believes re is a "strong case" for nding the service qualification for complaints of unfair dismissal from 26 to 52 weeks, and to 104 weeks for people under 18. On redundancies he is considering reducing the period which employers must give for consultations from 60 to 30 days when fewer than 100 employees are involved.

The changes will be resisted by the TUC as an attack on individual rights.

Both of these amendments would be welcomed by the Confederation of British Industry but, as the TUC was preparing its opposition yesterday, the CBI council also outlined a far more extensive programme of changes which it hopes will be included in the Government's industrial relations law reforms.

The CBI will propose to Mr. Prior that unions should shoulder a greater financial responsibility in the funding of strikes. It believes that the Supplementary Benefits Commission, in assessing the level of benefits, should assume that any claimant striker is receiving the equivalent of the single person's urgent needs allowance (currently £Q10.50) in strike pay.

It also suggests that the present £4.00 "disregard" for strike pay should be abolished and that further consideration should be given to taxing short-term benefits.

Other areas in which the CBI believes amendments should be made include the closed shop and picketing. While acknowledging that in present circumstances closed shops should not be made unlawful the CBI believes action needs to be taken "to remove some of their more objectionable effects on the freedom of the individual and to prevent the spread of closed shop agreemnets which do not conform to certain minimum standards."

English clearing banks offer nine-month pay deal

BY NICK GARNETT, LABOUR STAFF

E ENGLISH clearing banks offering their staff a nine- nth pay deal by changing r settlement date from July April.

The offer has so far been le by Barclays only, but will followed by National West- ster, Midlands, Lloyds and liams and Glyn's.

The banks are refusing to r their pay proposals, which lve 11 per cent new money consolidation into salaries per cent productivity pay- nts.

The Banking, Insurance and ance Union (BIFU) and the k staff associations have told banks that the money is cceptable. Mr. Leif Mills, U general secretary, said union would accept an il settlement date.

The banks want to change the settlement date for the 200,000 staff covered by the negotiations to aid recruitment. A July settlement prevents them from publishing new pay rates before school leavers come into the job market.

A nine-month settlement is likely to exert some pressure on international banks and other finance houses, many of which settle with their staff in July, to improve their proposed pay deals. Many of these institutions follow the lead of the clearing banks.

Mr. Mills said yesterday that a very large proportion of his members responding to the 11 per cent offer had indicated it was unacceptable. The union's executive may consider industrial action unless the offer is improved.

The union has asked for a reopening of the deal for Scottish clearing bank employees who settled in April. The banks say they will consider this on the basis of the English settlement. The union also warned that it may request a reopening of the pay settlement within the Trustee Savings Banks.

● Dr. Tom Johnston, chairman of the Scottish Manpower Services Committee, who is heading the inquiry into the formation of a single staff body for the English clearers is likely to produce another report on the issue within two months.

UK ECONOMIC INDICATORS

ONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); ail sales volume, retail sales value (1971=100); registered mployment (excluding school leavers) and unfilled vacancies 0s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unem-ployed	Vacs.
78							
tr.	107.0	102.2	99	106.4	246.4	1,409	188
tr.	110.8	104.5	96	107.9	254.4	1,367	213
tr.	111.5	105.2	103	110.7	266.6	1,360	213
tr.	110.0	102.6	114	111.7	273.0	1,340	230
	111.5	103.7	115	113.8	279.8	1,321	231
79							
tr.	108.9	101.4		110.3	276.4	1,351	234
	102.4	93.4	89	108.6	273.1	1,339	236
	110.7	103.5	99	110.4	275.4	1,363	231
ch	112.5	107.3		110.8	279.8	1,350	236
l	115.0	106.8		115.4	290.6	1,311	250
				113.5		1,307	257

TPUT—By market sector; consumer goods, investment goods, ermediate goods (materials and fuels); engineering output, tal manufacture, textiles, leather and clothing (1975=100); ising starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
78							
tr.	105.2	98.8	116.3	99.9	96.6	98.0	17.8
qtr.	105.0	98.1	122.4	99.8	107.4	101.2	27.1
tr.	108.0	99.7	123.2	100.7	101.2	103.6	23.0
tr.	105.5	96.9	123.3	96.6	97.6	101.9	20.2
	106.0	98.0	120.0	99.0	102.0	102.0	15.8
79							
tr.	104.0	98.2	125.6	98.3	97.1	99.3	12.7
	99.0	92.0	117.0	93.0	77.0	95.0	10.1
	104.0	100.0	129.0	100.0	102.0	100.0	12.7
ch	108.0	103.0	130.0	103.0	113.0	103.0	15.4
il	108.0	103.0	131.0	103.0	109.0	101.0	17.9

TERNAL TRADE—Indices of export and import volume 75=100); visible balance; current balance; oil balance (£m); ms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn†
978							
tr.	119.6	113.5	− 390	−369	−620	103.7	20.63
qtr.	122.2	109.7	− 173	+208	−414	104.9	16.75
qtr.	124.8	114.9	− 367	+154	−501	106.1	16.55
qtr.	124.8	112.3	− 39	+450	−480	106.9	15.77
979							
tr.	110.3	113.3	−1,181	−787	−237	107.7	16.78
	113.0	107.1	− 126	+ 6	− 62	107.4	16.26
	100.7	117.0	− 766	−635	− 78	108.1	16.62
ch	117.3	115.7	− 289	−158	− 97	107.4	17.45
il	128.4	127.2	− 327	−217	−114	108.9	†21.47
	133.6	127.8	− 185	− 73	− 54	108.0	21.53

NANCIAL—Money supply M1 and sterling M3, bank advances sterling to the private sector (three months' growth at annual e); domestic credit expansion (£m); building societies' net low; HP, new credit; all seasonally adjusted. Minimum iding rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
978							
qtr.	24.3	23.8	17.5	+1,811	1,049	1,373	6½
qtr.	10.1	15.0	24.5	+2,800	694	1,506	10
qtr.	17.2	8.3	8.6	+ 591	746	1,541	10
qtr.	15.1	13.0	8.7	+1,875	878	1,576	12½
	15.1	13.0	8.7	+1,092	254	507	12½
979							
qtr.	7.2	10.1	32.7	+1,672	777	1,586	13
	14.6	18.9	21.2	+ 801	289	325	12½
	17.6	20.8	24.1	+1,089	231	331	14
ch	7.2	10.1	32.7	− 263	257	530	13
il	10.8	7.2	19.1	+ 846	343	572	12
	12.9	7.9	20.6	+ 945	309		12

FLATION—Indices of earnings (Jan. 1976=100); basic terials and fuels, wholesale prices of manufactured products 975=100); retail prices and food prices (1974=100); FT mmodity index (July 1952=100); trade weighted value of erling (Dec. 1971=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
978							
qtr.	123.1	140.2	149.2	190.6	197.3	238.61	64.6
qtr.	129.9	146.3	151.8	195.8	203.8	242.27	61.5
qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
	138.0	148.3	158.3	204.2	210.5	257.69	63.2
979							
qtr.	140.2	152.2	161.5	208.9	218.8	268.83	64.4
	135.7	150.8	160.0	207.2	217.5	260.63	63.5
	141.1	153.2	161.7	208.9	218.7	267.36	63.7
ch	143.7	153.5	163.2	210.6	220.2	268.83	66.1
il	144.3	158.3	165.3	214.2	221.6	277.11	67.1
y		160.7	167.2	215.9	224.0	279.20	67.4

*Not seasonally adjusted. † Reserves now revalued annually, new estimates.

Left-wing man wins seat on electrical union executive

BY CHRISTIAN TYLER, LABOUR EDITOR

A LEFT-WINGER with a record of political opposition to the Right-wing leadership of the Electrical and Plumbing Trades Union has topped the poll for the South Wales seat on the union's national executive.

Mr. Wyn Bevan, works convener at the British Steel Corporation's Port Talbot plant, defeated five other candidates. They included the union's favoured candidate, Mr. Don Jones, a full-time official from the Swansea office.

The result of the election, by postal ballot conducted by the Electoral Reform Society, has not been formally announced. It will be ratified by the executive next week.

Unless there any last-minute objections, Mr. Bevan will succeed the moderate incumbent, Mr. Bernard Clarke, who died last year.

Mr. Bevan, a Labour councillor, was the leader of a 10-week electricians' strike at Port Talbot two years ago in a claim for technician status.

He campaigned on a platform of greater rank and file influence in the union's affairs. Yesterday he said his aim as an executive member would be to improve service and communications for members and "to make the union more open and democratic."

If he is endorsed by the executive, he is likely to argue for more membership control over branch reorganisation. This was the subject of a successful resolution from the neighbouring Cardiff branch carried against the executive's wishes at this year's conference.

Mr. Bevan won his seat with a claimed margin of 700. There are about 35,000 members in the constituency. His victory will be seen by the Left as some compensation for the loss of two Left-wingers from the executive last year.

One of the defeated executive councillors, Mr. Harold Best in the Yorkshire division, lodged an unsuccessful appeal against the result on grounds of irregularities in the balloting procedure.

Mr. Bevan said there was no reason why his election should not be endorsed. "I fought the election straight. There was no interference at all and it was strictly within the rules."

Wales TUC to fight for living standards

BY ROBIN REEVES, WELSH CORRESPONDENT

THE General Council of the Wales TUC yesterday warned the Government it intends to fight to protect the living standards and jobs of Welsh trade unionists.

While emphasising there was no question of its taking political industrial action, the Wales TUC said it plans "to co-ordinate action to ensure the success" of strikes by affiliated unions defending their members' living standards or jobs.

Also, the Wales TUC leadership is to seek an early meeting with Government Ministers to stress the potentially very damaging" effects of last week's Budget on Wales and to point out "the chaotic conditions" which could materialise.

The General Council's statement was issued after it had studied and endorsed an assessment of the impact of Sir Geoffrey Howe's Budget on Wales.

It concludes that the Welsh economy is likely to be plunged into recession shortly because of Wales's heavy dependence on public expenditure.

It forecasts Welsh unemployment will rise rapidly from 80,000 to more than 120,000 within 12 months posing "a serious threat to the economic and social fabric of Wales."

The assessment says 60 per cent of Welsh jobs are dependent on public funds because of the large nationalised industry presence and the recent growth in central and local government employment.

The Budget cuts in Rate Support Grant, restrictions on public sector borrowing, the freeze and probable reductions in public sector staffing levels will, therefore, be felt far harder in Wales than other parts of the UK.

Union move to save Prestcold

By Ray Perman, Scottish Correspondent

WORKERS AT Prestcold's two Glasgow factories yesterday reversed their earlier decision and voted to support a union campaign to keep the plans open.

Shop stewards have modified their demands and now accept that there will be a reduction in the 900-strong workforce if the plants are to become viable again, although they are calling for voluntary rather than compulsory redundancies.

Prestcold has said the refrigeration compressor plants are unprofitable and must close on September 7.

Magazine wins £500 damages

By Our Labour Staff

THE Union of Construction Allied Trades and Technicians agreed yesterday to pay token damages of £500 with costs after a trade magazine took out a writ against the union for an article in the union's journal, UCATT Viewpoint.

An article in the journal last year claimed that Construction News had been biased against UCATT and had printed fabricated articles to sow discord among construction unions and discredit the trade union movement for the benefit of employers.

In an out of court settlement UCATT accepted that its journal's article was an entirely unfair and inaccurate account of the content of Construction News and the motives of those responsible for publishing it.

The plaintiffs were Northwood Publications, publishers of Construction News; John Allen, the magazine's editor; and Mr. Anthony Sutton, its news editor.

Jobs decision soon for Times workers

By Our Labour Staff

LEADERS OF the National Graphical Association will discuss today whether they should advise their 600 members dismissed by Times Newspapers when publication was suspended in November to seek alternative employment. So far they have been receiving dispute benefit from the union.

Race law probe

The Commission for Racial Equality is to begin a formal inquiry into Bondina, a Halifax area textile company, together with the National Union of Dyers, Bleachers and Textile Workers (Bradford District).

Port walk-out

The Port of Liverpool was again at a standstill last night following a surprise walk-out by 2,500 dockers after a short return to work. The unofficial dispute is over alleged anomalies from a 14 per cent pay award two months ago.

Phones strike

Installation engineers at Standard Telephones and Cables are planning a one-day token national strike next Wednesday in protest over delays in their pay claim. It will affect 200 sites in the UK.

Warning on jobs

A warning that unemployment in the North East could reach 450,000 by the early 1990s is given in a report by the area's Trade Unions Studies Unit. It says the Budget cuts will hit workers in almost every industry and urgent steps are needed to reverse the trend.

Steel men stand by pay policy principle

By Our Labour Staff

THE BIGGEST of the steel unions refused yesterday to abandon its faith in incomes policies, despite the Tory Government's dedication to free collective bargaining in private industry.

The Iron and Steel Trades Confederation conference, which on Tuesday threatened industrial action in defence of the nationalised steel industry, decided to remit to the executive a motion that would have endorsed "unfettered pay negotiations" in both public and private sectors of industry.

Mr. Bill Sirs, general secretary, urged the delegates not to change tack in case Labour was re-elected and sought their co-operation on wage and price controls.

He also criticised "secondary picketing" during the lorry drivers' strike, which he said had cost the public sector £50m, and the unions' failure to keep themselves under control, which had contributed to Labour's election defeat.

Mr. Eric Varley, the former Industry Secretary, applauded the union's moderation in a speech mildly echoing Mr. Callaghan's weekend plea to the unions not to mount political strikes.

"This is a union that will not seek to usurp a prerogative that lies solely in the hands of the electorate," Mr. Varley said.

Co-operation the key, says Prince

BY CHRISTIAN TYLER, LABOUR EDITOR

WIDER CO-OPERATION between workers and management in industry was the key to British competitiveness, Prince Charles told a trade union conference yesterday.

The Prince, the first member of the Royal Family to address a trade union assembly, said he wished the examples of co-operation he had admired in some industries could be extended across the whole field.

"We must make sure that all this does not come too late and we leave ourselves on the shelf," he said.

Controversy

Explaining that he was trying to learn about industry from both sides of the fence, Prince Charles delivered some flattering comments on the "ordinary British bloke," who seemed "outstanding in every way."

But he was careful to avoid the kind of controversy which his recent speech about the failings of British management had provoked. "Recently I made a speech which attracted some publicity and I was accused in a number of letters of airing Left-wing views," he said.

"You don't have to be very clever to notice that we are losing out in many ways to our competitors across the Channel and further overseas as well. I cannot understand why that should be. Somehow we seem to lack motivation and inspiration—but I know that if we tried, we could knock the stuffing out of all our competitors from here to Christmas."

The British had the expertise and the stamina, he said. "But I do believe co-operation is the key to all this, and not confrontation. We are all in this together."

Prince Charles, who was speaking to 350 delegates to the Iron and Steel Trades Confederation's annual conference at Bournemouth, acknowledged there were some people in the hall who would prefer not to see the future monarch among them. But his speech, following a two-hour debate on wages and unemployment, which he watched from the platform, was well-received and the laughs were in all the right places.

Disaster

Invited by a delegate to give a tip from the Queen's racing stable, Prince Charles ducked tactfully. "I'm not a particularly good racing man. If ever I back one of my mother's horses, it's a total disaster. So I keep well out of that, and I advise you to do the same thing."

With that, and a gold-plated trophy from the union, the Prince boarded the Royal helicopter and flew back to Ascot for the races.

COMPANY NOTICES

NOTICE OF RATE OF INTEREST

Banque Nationale d'Algérie

U.S. $25,000,000

Floating Rate Notes 1985

In accordance with the provisions of the Agent Bank Agreement between Banque Nationale d'Algérie and Citibank, N.A. dated as of December 20, 1978, notice is hereby given that the Rate of Interest has been fixed at 11¼% per annum and that the interest payable on the relevant Interest Payment Date, December 20, 1979 against Coupon No. 2 will be U.S.$ 57.51 and has been computed on the actual number of days elapsed (183) divided by 360.

June 20, 1979.
By: Citibank, N.A., London, Agent Bank

BAYER AKTIENGESELLSCHAFT

PAYMENT OF DIVIDEND

NOTICE IS HEREBY GIVEN to shareholders that following a resolution passed at the Annual General Meeting of Shareholders held on 19th June, 1979 a Dividend for the year 1978 of DM 6.00 per share of DM 50 nominal will be paid as from 20th June, 1979 against delivery of Coupon No. 35.

All dividends will be subject to deduction of German Capital Yields Tax of 25%.

The net amount of dividend is payable in German Marks. Paying Agents outside Germany will pay in the currency in which the coupon is presented at the rate of exchange on the day of presentation.

Coupon No. 35 may be presented as from 20th June 1979 at the Company's Paying Agents in the United Kingdom:

Hambros Bank Limited
Hill Samuel & Co. Limited
Kleinwort, Benson Limited
S. G. Warburg & Co. Ltd.

from whom claims forms may be obtained.

United Kingdom Income Tax will be deducted at the rate of 18% (18 Pence in the £) unless claims are accompanied by an affidavit.

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents. The Company's United Kingdom Paying Agents will, upon request, provide authorised depositaries with the appropriate form for such recovery.

BAYER AKTIENGESELLSCHAFT
Leverkusen

TEIJIN LTD.

NOTICE TO HOLDERS OF BEARER DEPOSITARY RECEIPT ("BDR")

NOTICE IS HEREBY GIVEN to BDR holders that the Annual Meeting of Shareholders of Teijin Ltd. will be held at 10 a.m. (Tokyo time) on Thursday, June 28, 1979, at Teijin Hall, 1st Floor, Teijin Building, 11, 1-Chome, Minami-Honmachi, Higashi-Ku, Osaka Japan, to transact the following business:

1. Approval of the company's business report, balance sheet, income statement and proposed distribution of unappropriated retained earnings for the 113th business term (from April 1, 1978, to March 31, 1979).
2. Dividend of profit in stock.
3. Election of 12 Directors.
4. Election of 2 statutory Auditors.
5. Granting of gratuity to retiring and resigning Directors and retiring statutory Auditor.

For resolutions of the propositions number 2, 3, and 4 the presence of the quorum provided for by laws and the Articles of Incorporation is required.

BDR holders wishing to vote at the meeting should instruct the Depositary in writing by the close of business in Luxembourg on 22nd June, 1979, as to how they wish to vote. Instructions must be accompanied by either:

1. BDRs evidencing relevant number of deposited shares in respect of which they wish to exercise their voting rights or
2. A certificate from the agent, Hill Samuel and Co. Ltd London, stating that the relevant BDRs have been deposited with it and are to be held in a blocked account until after the voting rights attributable to such BDRs have been exercised.

BANQUE INTERNATIONALE A LUXEMBOURG,
Société Anonyme,
Depositary.

FALCONBRIDGE

DIVIDEND NOTICE

Notice is hereby given that a dividend of One Dollar ($1.00) per share on the outstanding Class A and Class B shares has been declared by the Board of Directors of Falconbridge Nickel Mines Limited, payable in Canadian funds on June 29, 1979 to shareholders of record at the close of business on June 15, 1979.

By Order of the Board
J. D. Krane
Secretary

Toronto, Canada.
June 4, 1979.

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED

(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

Further to the Notice to Holders of Share Warrants to Bearer Payment of Coupon No. 80, advertised in this publication on 1st June, 1979, the following information is published for the guidance of holders of share warrants to bearer.

Following advice from the Inland Revenue that the amendment to the U.K. Finance Bill reducing the basic rate of United Kingdom income tax to 30% has come into force before the payment date of the dividend the revised net amount of dividend payable is as follows:—

	South African Currency per Share cents	U.K. Currency Equivalent per Share pence
Amount of dividend declared	42	24.24389
Less South African non-resident Shareholders' tax at 15%	6.30	3.63658
	35.70	20.60731
Less U.K. Income Tax at 15%		3.63658
		16.97073

Secretaries of the Company in the United Kingdom:
Charter Consolidated Limited,
40 Holborn Viaduct,
London EC1P 1AJ. 20th June, 1979.

NOTE: The Company has been asked by the Commissioners of Inland Revenue to state:—

Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15%, instead of at the basic rate of 30%, represents an allowance of credit at the rate of 15%.

ENERGY INTERNATIONAL N.V.
(Incorporated with limited liability in the Netherlands Antilles)

Shareholders in the Fund are advised that payment of a dividend of US$0.20 per share for the year ended 31st March 1979 has been approved by the Annual General Meeting held on 18th June, 1979.

Coupon No. 10 on bearer share certificates will be paid on presentation at the offices of the Paying Agents on and after 21st June, 1979. Cheques will be posted to holders of registered shares on that date.

Copies of the Report of the Fund for the year ended 31st March, 1979 will be available at the offices of the banks and brokers from whom shares were purchased and at the office of the Paying Agents.

By order of the Board of Management

Curaçao
21st June 1979

N.V. PHILIPS GLOEILAMPENFABRIEKEN
Established at Eindhoven, The Netherlands

U.S.$100,000,000 4½% Convertible Debentures 1968/1983, convertible into ordinary shares of N.V. Gemeenschappelijk Bezit van Aandeelen Philips' Gloeilampenfabrieken.

With regard to the provisions in Article 11 of the Trust Deed the undersigned herewith announces that its report concerning its activities during the year 1978 is available for debenture holders at its office, Keizersgracht 550, Amsterdam. A translation into the English language can be obtained inter alia, at the office of

N. M. Rothschild & Sons Limited,
New Court
St. Swithin's Lane,
London EC4P 4DU,
England

The Trustee
N.V. NEDERLANDSCH ADMINISTRATIE-EN TRUSTKANTOOR.
Amsterdam,
21st June, 1979.

Notice to Holders of European Depositary Receipts (EDRs) in
MITSUI & CO. LTD., TOKYO

The General Meeting of shareholders of Mitsui & Co. Ltd. will be held on June 29 1979

AGENDA

1. Approval of the Financial Statements and the Proposed appropriation of profit for the 60th Business Term from April 1 1977, to March 31 1979.
2. Election of 27 Directors.
3. Election of 2 Auditors.
4. Presentation of gratuities to retiring Directors and Auditor.
5. Presentation of condolence money for the late Mr. Kikuo Yamazaki Director.

(Full text of Notice is available at Citibank N.A. London)

Shareholders who want to exercise their voting rights must deposit their certificates not later than June 26, 1979, at any of the following:
Citibank (Belgium) S.A.

Citibank Branches in	Bank of Tokyo Branches in
Amsterdam	Brussels
Frankfurt	Dusseldorf
Milan	Hong Kong
Paris	London
	Milan
	Paris

Citibank (Luxembourg) S.A.
Kredietbank S.A. Luxembourgeoise
Luxembourg

together with instructions indicating the way the shares be voted or allowing Citibank N.A. to give a discretionary proxy to a person designated by the Company.

CSS: Office,
Citibank, N.A. London
June 21, 1979.

THE "SHELL" TRANSPORT AND TRADING COMPANY, LIMITED

NOTICE IS HEREBY GIVEN that a balance of the register will be struck on Tuesday, 3rd July 1979 for the preparation of the half-yearly dividend payable on the SECOND PREFERENCE SHARES for the six months ending 31st July, 1979. The dividend will be paid on 1st August 1979.

For Transferees to receive this dividend their transfers must be lodged with the Company's Registrar, Lloyds Bank Limited, Registrar's Department, Goring-by-Sea, Worthing, West Sussex not later than 3.00 p.m. on Tuesday 3rd July 1979.

By Order of the Board
G. J. OKELL Secretary

Shell Centre
London SE1 7NA.
21st June, 1979

UKO INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that the Record Date and Time for preparation of the Final Dividend, payable on 10th August 1979, is Saturday, 30th June 1979 at noon

By Order of the Board
J. F. GITTUS, Secretary

BOND DRAWINGS

CHILEAN EXTERNAL LONG TERM DEBT —LAW No. 5962

CHILEAN 4½% LOAN 1887

NOTICE IS HEREBY GIVEN that a drawing of Bonds of the above loan took place on 12th June 1979 attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1979, from which date all interest thereon will cease:—

1 BOND OF £500 NOMINAL CAPITAL
NUMBER: 22033
4 BONDS OF £100 NOMINAL CAPITAL EACH
NUMBERS: 23056 23325 24162 24479
5 Bonds amounting to £900 nominal capital

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1980, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 5% LOAN 1905

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 12th June 1979, attended by Mr. Keith Francis Croft Baker of the firm of John Venn and Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1979, from which date all interest thereon will cease:—

1 BOND OF £1,000 NOMINAL CAPITAL
NUMBER: 146
2 BONDS OF £500 NOMINAL CAPITAL EACH
NUMBERS: 678 707
28 BONDS OF £100 NOMINAL CAPITAL EACH
NUMBERS: 1393 1887 2883 3357 3652 3939 3996 4005 4244 4245 4259 4262 4273 4283 4284 4289 4313 4320 4345 4358 4480 5059 5326 5340 5787 5814 6643 6882
31 Bonds amounting to £4,800 nominal capital

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1980 and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

CHILEAN 7½% LOAN 1922

NOTICE IS HEREBY GIVEN that a Drawing of Bonds of the above loan took place on 12th June 1979, attended by Mr. Keith Francis Croft Baker of the firm of John Venn & Sons, Notary Public, when the following bonds were drawn for redemption at par on 1st July 1979, from which date all interest thereon will cease:—

5 BONDS OF £1,000 NOMINAL CAPITAL EACH
NUMBERS: 24 96 125 277 394
8 BONDS OF £500 NOMINAL CAPITAL EACH
NUMBERS: 523 606 697 785 898 1093 1484 1495
47 BONDS OF £100 NOMINAL CAPITAL EACH
NUMBERS: 1501 1766 1791 1823 1927 2061 2175 2181 2456 2528 2718 2758 2864 2874 3028 3270 3303 3520 3757 3838 4000 4347 4399 4432 4489 4840 4885 5267 5331 5567 5645 5718 5913 5949 6014 6263 6302 6596 6848 6816 6899 6912 6922 6980 7186 7625 7877
60 Bonds amounting to £13,700 nominal capital.

Witness: K. F. C. Baker, Notary Public.

Each of the above bonds when presented at the office of N. M. Rothschild & Sons Limited for redemption must bear the coupon dated 1st January 1980, and all subsequent coupons, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

The usual interval of four clear days will be required for examination.

New Court, St. Swithin's Lane, London EC4P 4DU.
21st June, 1979.

LEGAL NOTICES

THE COMPANIES ACT, 1948

In the Matter of CHARLODGE LIMITED, Property Company. Winding-up Order made 14th May 1979. Date and place of first meetings: Creditors 5th July 1979, at Room G20, Atlantic House, Holborn Viaduct, London EC1N 2HD, at 10.00 o'clock. Contributories on the same day and at the same place at 10.30 o'clock.

H. W. J. CHRISTMAS,
Official Receiver and
Provisional Liquidator.

THE COMPANIES ACT, 1948

In the Matter of MINFORGE LIMITED T/A TIMBER CRAFT, Manufacturers, importers, repairers and dealers in furniture. Winding-up Order made 14th May 1979. Date and place of first meetings: Creditors 6th July 1979, at Room G20, Atlantic House, Holborn Viaduct, London EC1N 2HD, at 11.00 o'clock: Contributories on the same day and at the same place at 11.30 o'clock.

G. S. GILLVRAY,
Official Receiver and
Provisional Liquidator.

ART GALLERIES

GALERIE GEORGE, 96-98, George Street, W.1. 01-935 3322. Fine 19th and 20th Century British & European oil paintings, watercolours and graphics at keen trade prices. £100-£2,000. Mon.-Fri. 10-6.

OMELL GALLERIES, 22, Bury Street, St. James's, S.W.1. 19th CENTURY ENGLISH AND CONTINENTAL OIL PAINTINGS. Our current stock comprises over five hundred selected works with prices from £400 to £2,000. For further details phone 01-839 4274-5.

LUMLEY CAZALET, 24, Davies St., W.1. 01-499 5058. AKIRA KUROSAKI—Recent Woodcuts. Until 27 July.

AGNEW GALLERY, 43 Old Bond St., W.1. 01-629 6176. Exhibition of OLD MASTER PAINTINGS. Until 27 July. Mon.-Fri. 9.30-5.30. Thurs. until 7.00.

BARLING OF MOUNT STREET LTD. & SHIRLEY DAY LTD. Joint Exhibition of Recent Acquisitions of European and Oriental Works of Art at 112 Mount Street, London W1Y 5HE. Tel 01-499 2858. From Wednesday 13th June, daily 9.30-6.00 pm. Saturdays 10.00-1.00 pm.

CRANE KALMAN GALLERY, 178, Brompton Rd., S.W.3. 01-584 7566. MODERN BRITISH, EUROPEAN AND AMERICAN PAINTINGS AND SCULPTURE. Mon.-Fri. 10-6. Sat 10-4.

DAVID CARRITT LIMITED, 15 Duke Street, St. James's, S.W.1. COROT AND COURBET. Until 13 July. Mon.-Fri. 10-5.

FINE ART SOCIETY, 148 New Bond St., W.1. 01-629 5116. THE RE-DISCOVERY OF GREECE.

HAMILTONS, 13, Carlos Place, Nr Grosvenor Sq., W.1. 499 9493-4. Important exhibition of the French late impressionist painter Marcel Vertes including oils, watercolours, drawings and lithographs.

LEFEVRE GALLERY. CONTEMPORARY PAINTINGS. Weekdays 10-5. Sats. 10-1. At 30 Bruton Street, London, W.1. Tel: 01-493 1572.

MARLBOROUGH, 6 Albemarle St., W.1. BRAQUE CHAGALL LEGER MIRO MOORE until 22 June Mon.-Fri. 10-5.30. & sculpture by HEPWORTH LIPCHITZ & MOORE until 22 June Mon.-Fri. 10-5.30. Sat 10-12.30.

MORTON MORRIS & CO., in association with J. L. W. Bird, 32 Bury Street, St. James's, London, S.W.1. 01-930 2828. Exhibition of 19th century watercolours of the WEST INDIES until 22nd June. Weekdays 10.00-6.30. Sat. 10.00-1.00.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W.1. New selection of fine modern French paintings, including Blanchard, Chesnaus, Deschamps, Delin, Grosjat, Hervé, Jacob, Pesset, Robin etc. and fine modern British marine paintings and watercolours.

REDFERN GALLERY. JEFFREY SMART. NEW PAINTINGS June 7th-July 4th. 20 Cork Street, London, W.1. Mon.-Fri. 10-5.30. Sat. 10-12.30.

SABIN GALLERIES, 4 Cork Street, W.1. 01-734 6186. EXHIBITION OF ENGLISH PAINTINGS 1611-1830. Monday-Friday 9.30-5.30.

THACKERAY GALLERY, 18, Thackeray St., Kensington Sq., W.8. 01-937 5883. SUMMER EXHIBITION. Until 23 July.

FIELDBOURNE GALLERIES, 63, Queens Grove, N.W.8. 586 3600. ROONEY BURN, RA. Eightieth Birthday Exhibition. Lr. GALLERY. Contemporary Artists of the English School.

MALL GALLERIES. The Mall, S.W.1. Paintings and Miniatures of Flowers, Animals and Toadstools by Suzanne Lucas, VPRMS, FRHS, SWA, UA. Mon.-Fri. 10-5, Sats. 10-1. Until July 14th. Adm. Free.

UPL FINE ARTS, 24 Davies St., London, W.1. 01-493 2630. PIERRE BONNARD DRAWINGS. May 29-July 5. Mon.-Fri. 10-5.

SANDFORD GALLERY, Covent Garden, 1 Mercer St., W.C.2 (off Long Acre). 01-379 5905. Mon.-Sat. 11-6. SUMMER SHOW of Paintings & Sculpture, including Sandra Blow R.A., John Pelling, Alan Dyer, Ted Atkinson & Chris Dunseath.

UK NEWS—PARLIAMENT and POLITICS

Benn seeks more grassroots power

BY RICHARD EVANS, LOBBY EDITOR

STARTLING PROPOSALS that would transfer effective power from a Labour leader to Labour MPs collectively, were put forward yesterday by Mr. Anthony Wedgwood Benn as part of his long term campaign to make the leadership subservient to the rank and file.

The proposals would mean that key decisions on policy and appointments would have to be approved by the Parliamentary Party as a whole, which would have the right to veto proposals put forward by the leader.

The final paragraph of an eight-point agenda for discussion, submitted to the PLP last night by Mr. Benn and Mr. Eric Heffer, another left-wing MP, is even more revolutionary—the arrangements would remain in force when a Labour Government is in office.

This would mean that, even as Prime Minister, a Labour leader would be unable to select his own Cabinet or put forward his own policies.

The move is the latest in a series launched by Mr. Benn, former Energy Secretary and now a backbencher, to alter party rules so that the rank and file has a much greater say over policy and so that the leadership's power of patronage is ended.

Attempts are being made to change the rules for electing the party leader (now in the hands of the PLP); to secure the re-selection of Labour MPs in every Parliament; and for the National Executive Committee rather than the party leader to control the £165,000 state subvention to the Opposition.

The Shadow Cabinet decided at a two-hour meeting last night to stand by present arrangements for the money to go direct to the party leader.

But a major row can be expected next Wednesday at a meeting of the NEC when proposals will be discussed for the money to be controlled by party headquarters.

Mr. Anthony Wedgwood Benn

The move by Mr. Benn yesterday is the first time since the election he has launched a campaign within the PLP, where his support is weaker than at the party conference or within the NEC.

His partnership with Mr. Heffer is an astute one, as the MP for Liverpool (Walton) is well regarded and influential among Labour MPs.

The proposals, which will be debated at a special meeting of the PLP before the summer recess will almost certainly be rejected but Mr. Benn's strategy is long term. He will continue to press his ideas during the party's period in Opposition.

His agenda argues that Labour MPs have a responsibility to implement the policies of the party as agreed at annual conference, and he argues that his proposals are intended to maintain and strengthen the links between the PLP, the party nationally and the trade union movement.

Among the key proposals are that:

- Labour MPs should be the final authority on all matters concerning the day-to-day work of the party in the Commons;
- They should have the right to discuss all recommendations on the handling of Parliamentary business
- They should elect all principl frontbench spokesmen and approve proposed allocations of shadow portfolios;
- They should ban all party members from accepting peerages.

The present rule is that 12 members of the shadow front bench are electd by the PLP—and Mr. Callaghan is continuing the present pattern of appointing the remaining members of his team.

Half-price fares plan rejected

LABOUR and Tory calls for a national half-price bus fares scheme for all pensioners were rejected by the Government in the Commons yesterday.

The refusal prompted a fierce question time attack on the way Ministers travel by Dennis Skinner (Lab Bolsover). "While they are carried from pillar to post free of charge in Ministers' cars, some pensioners do not have the opportunity even to get a miserly half fare scheme," he said.

But Kenneth Clarke, Transport Parliamentary Secretary said many local councils had objected to the half-fares scheme planned by the last Government. "I have no intention of introducing a national scheme at present."

Seat belts vote

MPs MAY have another chance of a free vote on the compulsory wearing of seat belts, Norman Fowler, Transport Minister, agreed in the Commons yesterday. He told Mr. Greville Janner (Lab Leicester W) that if an MP put forward a new Private Member's Bill on seat belts, its progress would not be obstructed by the Government.

'Treason' claim

TRADE unions who set out to sabotage Government policy were taking action "amounting to treason" said Tory Baroness Emmet of Amberley. She asked the Earl of Gowrie whether action such as immobilising a hospital was "a conspiracy, practically, to murder."

He replied that the great majority of trade unionists had no desire to undermine democracy, and told Lady Emmet he was not sure he could go as far as she did in using the word "treason."

Efficiency plea

THE PRIME MINISTER has asked all Cabinet Ministers to make it their personal responsibility to promote efficiency and eliminate waste in their departments.

In a Commons answer, Mrs. Thatcher said they would be reporting to her on their progress. She was asking Sir Derek Rayner, the Government's special adviser on efficiency, to assist in co-ordinating the exercise.

Mobility allowance

MOBILITY allowance will be paid next autumn to about 20,000 disabled people aged between 61 and 64, Social Security Minister Reg Prentice announced in a Commons written reply yesterday.

Unemployment 'will get worse'

BY IVOR OWEN

ANOTHER ADMISSION that unemployment in Britain is likely to get worse before it gets better was made by Earl Gowrie, Employment Minister, in the Lords last night.

But he insisted that a rise in the numbers out of work will not be allowed to produce the policy "u-turns" which marked the last period of Conservative Government under Mr. Edward Heath.

Lord Gowrie made no direct reference to Mr. Heath but echoed the words used by the Prime Minister in the Commons on Tuesday—that excessive pay settlements will result in workers pricing themselves out of jobs—to reaffirm the Government's determination to stick to the policies which won the approval of voters.

He told peers: "We cannot afford, and the country cannot afford, to play a kind of numbers game with the unemployment register and the Retail Price Index."

Nor could the country afford to make adjustments in the light of median levels of pay settlements.

Lord Gowrie emphasised that the seriousness of the present economic situation made the attitudes of employers and trade unions to pay negotiations so important.

"The Government is as committed to the necessity of sensible cost and overall monetary limits as it is to the reduction of its own spending and of the overall burden of taxation," he declared.

In accordance with its stated policy, the Government had handed back to industry the task of settling its own affairs on pay matters and the responsibility of determining what levels of pay did for levels of employment.

"For far too long, Governments of both parties have tried to take this responsibility on themselves," he said.

Lord Gowrie admitted that he was not saying that a prices and incomes policy could not, in theory work. "I am saying that it is not feasible at the present time and in the British context."

He suggested that a prices and incomes policy in Britain was possible only in the context of large-scale amalgamations of trade unions, and large-scale reforms of union procedures.

"If the unions wish to proceed along these lines themselves, our free society enables them to do so.

"The Government can deal only with the situation it finds, and the degree of consent to change which it—and Parliament—commands.

"It does, however, have clear and unique responsibility over taxation and over the currency."

Lord Gowrie reminded peers of the increase in take-home pay which should result from the income tax cuts made in the Budget, underlining the Government's firm intention to keep out of the pay round.

The Government would protect the public by protecting the currency. "In commercial life, what that means is that unless the cost of wage increases can be met by improved efficiency, the higher prices resulting could cause businesses to fail, and jobs to be lost.

"In the public arena, what that means is that managerial bodies and unions will be subject to the cash limits imposed by the Government and their own assessment of what the customer will stand.

"Additional cash will not be provided, and there will be no alternative to redundancies if the claims exceed the limits."

A woman's place . . .

MARRIED women should leave paid work to men and stay at home, Lord Spens told the House of Lords yesterday. This would solve the "unacceptably high level of unemployment," he told peers.

"If they could be persuaded to stay at home—especially those with children—that would provide a solution." But, deferring to the women in the chamber, he quickly added: "I am not saying they should not be occupied—just that they should not compete in the market for paid jobs."

Opposition spokesman Lord Wallace of Coslany poured cold water on Lord Spens's idea. "I cannot accept the 'back-to-the-kitchen-sink' approach as far as women are concerned," he said. Women now had equal opportunities, said Lord Wallace, and many had brains the same as men—sometimes "a darned sight more."

Lord Spens said the present level of 1.3m unemployed was "totally unacceptable" yet likely to get worse. He predicted that by 1984 there would be three million jobless in Britain "unless something really radical is done about it."

Tebbit vouches for DC-10s

BY IVOR OWEN

FORMER BOAC pilot Mr. Norman Tebbit, Under-Secretary for Trade, yesterday declared the Government's confidence in the Civil Aviation Authority when MPs questioned its decision to reinstate certificates of airworthiness for the British-operated DC-10 airliner.

Anxiety felt by some passengers about the aircraft was highlighted by Mr. Stanley Clinton Davis (Lab., Hackney Central) a former Trade Under-Secretary. He told the Commons that earlier in the day Laker Airways had insisted that those booked to fly in it should abide by their contractual obligations.

"It is outrageous that people who entertain these very strong doubts should be pressurised into flying," he declared.

Mr Tebbit replied that the clear implication of the question raised by Mr. Clinton Davis was that Mr. John Nott, the Trade Secretary, should intervene and tell the CAA not to act in accordance with the advice which it had been given by the Airworthiness Requirements Board.

He explained that the Board had decided, in the light of the information obtained from the United States Federal Aviation Administration, and of the new maintenance and inspection procedures, that the certificates of airworthiness of the British-registered DC-10s should be restored.

Throughout, the FAA had given the CAA the fullest information and cooperation.

Mr. James Wellbeloved (Lab, Erith and Crayford) former Under Secretary for the RAF, asked if Mr. Tebbit, in view of his previous experience as a civil airlines pilot, was prepared to give an unqualified assurance to passengers that it was safe to fly in the DC-10.

Mr. Tebbit replied: "I have not been a party—nor would it have been proper or sensible for me to be a party—to the considerations of the Airworthiness Requirements Board or with the CAA, so there is no question of me being privy to information which is not generally available."

After commenting that there was no such thing in the world as an unqualified assurance of the safety of anything, he declared: "I can give an unqualified endorsement of my support of the CAA, which I believe is competent and has properly carried out its functions as laid upon it by statute."

Mr. David Penhaligon (L. Truro) asked if Mr. Tebbit would be prepared to fly the DC-10. If so what had suddenly restored his confidence in the last two or three weeks?

Mr. Tebbit answered that he would be prepared to fly the DC-10 as he had flown other airliners for 20 years or so.

What had happened in recent weeks was that consideration had been given to information made available to the Airworthiness Requirements Board and the CAA.

This information had not been available in the immediate aftermath of the Chicago disaster. The Board and the CAA had decided that it was prudent and safe to recertificate the aeroplane.

Mr. John Smith, from the Opposition front bench, contended that it was most unsatisfactory that there should appear to be competing judgments on the safety of the DC-10.

He suggested that it would have been wiser of the CAA to await the conclusions of the FAA inquiry into the causes of the Chicago accident before restoring the certificates of airworthiness.

Mr. Tebbit said he was not aware that the FAA had made any direct criticism of the action of the CAA.

He urged the House to take account of the different conditions in the two countries, and reaffirmed his belief that the CAA had acted properly.

Castle wins leadership

By Elinor Goodman, Lobby Staff

MRS. BARBARA CASTLE was yesterday unanimously elected leader of Labour's 17-strong delegation in the European Parliament. No-one opposed her for the leadership but Mrs. Janie Buchan moved that a chairman should also be elected.

It had long been expected that Mrs. Castle, as the most experienced politician in the delegation, would be elected leader, but there was speculation last week that someone might run against her.

Since Mrs. Castle is also a member of the party's executive, her election provides a further link between the Euro MPs and Transport House, which is anxious that the European members should not start building an independent overseas empire.

To ensure that contact is maintained with the European group, the executive's EEC liaison committee, chaired by Mr. Anthony Wedgwood Benn, is likely to remain in existence, possibly with some of the European members nominated to it.

Mrs. Buchan criticised Mrs. Shirley Williams, a pro-Marketeer and another member of the executive, for her attacks on the way anti-Marketeers on the executive had mishandled the European campaign.

Tories defeat Scottish Assembly plan

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE Scotland Act, which proposed a system of Scottish devolution involving a legislative assembly in Edinburgh, was finally killed off in the Commons last night.

Despite strong opposition from the Labour Party, the Liberals and the Scottish Nationalists, the Act was rescinded by a majority of 95 (301-206).

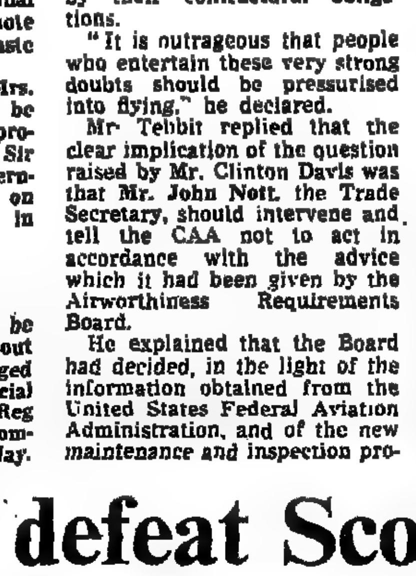
This was in accordance with the verdict given by the Scottish people in the advisory referendum held in March.

On that occasion, 32.8 per cent of the Scottish electorate voted "yes" to the proposals and 31 per cent voted "no." This meant that the Act failed to get the necessary 40 per cent support.

The Conservatives have now proposed all-party talks at Westminster to decide on the scheme which should replace the original proposals.

But in last night's debate it was apparent that there is now a wide rift between the Government and Opposition on the course to be followed.

Winding up for the Labour Party, Mr. Michael Foot, shadow leader of the House, warned that it would be highly dangerous and a profound error to revoke the Act.



George Younger

Mr. Malcolm Rifkind, Scottish Under-Secretary, said that the House was being asked only to respond to the decision of the Scottish electorate when they refused to endorse the Act.

Opening the debate, Mr. George Younger, Scottish Secretary, suggested the setting up of a Scottish Select Committee of MPs to act as a "watchdog" over the Scottish Office.

In addition, there would be standing committees to consider Scottish legislation. These bodies would meet in Scotland

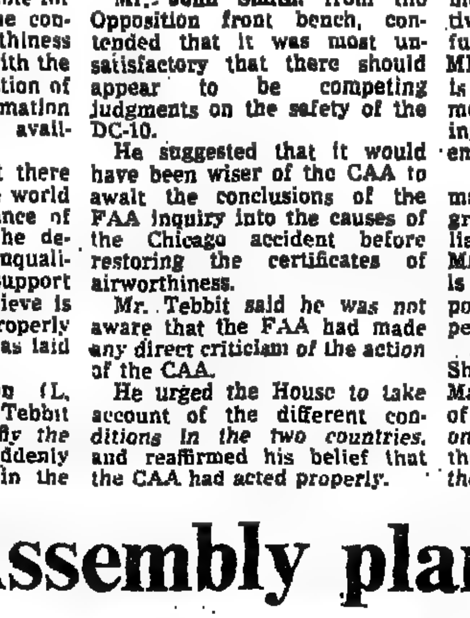
But this was not good enough for the Opposition. Mr. Foot and Mr. Bruce Millan, Labour's shadow Scottish secretary, wanted the all-party talks to take place on the basis of the existing Act.

Mr. Foot said that the Conservatives would have to produce some better proposals if the all-party talks were to take place.

Mr. Rifkind retorted that if the Labour Party did not respond in a constructive way to the talks then it would be difficult for agreement to be reached.

Mr. Millan, however, denounced the Tory proposals as "hypocrisy and humbug" and "a piece of intellectual dishonesty."

There were cries of "shame, rubbish" when Mr. Younger, opening the debate, emphasised that the Government gave greater priority to improving the British economy than to Scottish devolution.



Bruce Millan

The prosperity of the country meant far more to the daily lives of constituents than arguments about the Scotland Act, which were irrelevant to this task.

Mr. Younger said that the Government was opposed to any form of quasi-federalism or an inquisitorial assembly which would have no executive powers, but which could question the acts of the Government.

Anything remotely resembling the Scotland Act could be put through only if there was another referendum, and the Government did not want that, said the Secretary of State.

Therefore, the best way forward in the talks was to improve the scope for handling Scottish business by setting up the new committees.

"Devolution by itself produces no panacea for the problems we were elected to solve."

"Everyone in the House knows that the Scotland Act has very few friends. We should learn that constitutional change cannot very easily be used as a gimmick for gaining short-term votes."

From the Labour front bench Mr. Millan said that Mr. Younger had at long last shown where the Conservatives stood on devolution—they were quite simply against it in any shape or form.

"To pretend that talking about select committees for Scottish affairs had anything to do with devolution was "an insult to the electors of Scotland.""

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MEASUREMENT

Accurate marking out

VICKERS has been appointed exclusive distributor of four Measurite machines for working areas of 43 x 26 inches to 97 x 74 inches, each machine being equipped with two-axis Thorn Multipak electronic digital precision pacing. High-grade bearings give effortless movement, zero stutter and zero blacklash on the X and Y measuring arms.

A resolution of .0005 inch or .01 mm, switchable inch to metric, is guaranteed with full incremental zero and dial-in preset facilities. A Multipak check axis, computing absolute position left or right of original datums, and as a memory display through dial-in facility, is included.

Linear positional accuracies are approximately ±.0005 inch or ±.01 mm over any 28 x 28 inch area. Table flatness is within .002 inch and positional repeatability is ±.0005 inch or ±.01 mm.

These machines have been designed specifically for the accurate marking out, drilling and inspection of all types of panelling and circuit board work, ideal for the electronic industry and all industries employing sheet metal panelling, etc.

Special tables, and also special Z axis facilities can be made to order.

Vickers, Crayford Works, Crayford, Kent, DA1 4AX Crayford 526222 (Code 0322).

● AUTOMATION

Industrial robots will be given 'sight'

AFTER five years' development work, Brown Boveri has announced that shortly production of an optoelectronic sensor for industrial robots will start.

Brown Boveri says the new system may, in future, be regarded as the start of a second generation of robots, with sensors able to "see" objects, compare them with pre-programmed instructions, and act accordingly, to accept or reject or rotate to the right position.

The new sensors will be built at Brown Boveri's Heidelberg plant in West Germany.

Initial aim is to sort components on a moving conveyor belt. A television camera mounted above the conveyor is linked to a microprocessor which controls a moveable grip arm. Depending on the requirements of a particular application, after each component has been identified, it can be lifted off the conveyor and sorted into various compartments, or can simply be positioned in the required place on the conveyor for the next stage in the production line.

Brown Boveri says major applications for new generation robots with sensors are expected to be in the automotive and electrical engineering industries, watch manufacture, the chemical industry, breweries and the canning industry.

They will offer particular advantages wherever work is hindered or made impossible for people to carry out, due to noise, exhaust gases, radiation, or even . . . boredom.

A robot using Brown Boveri sensors has been on trial at the Volkswagen plant in Wolfsburg since autumn 1978, sorting and positioning right and left hand studs for axle suspensions. The studs are placed by the unit in the correct position for an automatic welding machine.

Heart of the sensor is a television camera. The picture received by the microprocessor is analysed by examining the intersection points of the outlines of the objects with concentric circles superimposed on to the picture. This technique effectively reduces the amount of data that is required to be stored, so that even a present-generation microprocessor can remember twenty different objects.

In use, the system determines the reference points of the object in front of the camera, and compares them with the pre-programmed points. It takes about 150 milliseconds to recognise an object.

British Brown-Boveri, Glen House, Stag Place, London, SW1E 5AH, 01-828 9422.

Hot work at TI Tubes plant

BRITISH INDUSTRY has been slow in adopting robots for forging applications. But one multi-divisional company, Tube Investments is pioneering work in this direction with the use of Unimates in forging and deep drawing operations.

TI Tubes first looked at robot possibilities in its Birmingham plant where an 18-billet rotary hearth furnace, designed to feed an Ajax upsetter, proved to be manually unviable because the three-man team assigned to the project could not keep pace with the capacity of the furnace. Trials started with a heavy duty Unimate 4,000 in July last year. The robot quickly proved it could readily cope with the capacity of both the furnace and the Ajax.

With one man to oversee it, the Unimate handles, in a shift, 400 forgings for automotive axle cases and hub-ends. A major benefit is the fact that men are relieved of a very tough job in a hot and dirty environment.

When the first of 18 billets in the furnace is at the right temperature of 1,100°C, the robot places it in a descaler, at the same time re-positioning the tube in its gripper, because it will have moved slightly as a result of the heat. The Unimate then puts the billet into the Ajax which it triggers sequentially through up to four forging operations, each of which is interlinked to prevent malfunction. After forging, the billet is placed on to a conveyor and the Unimate swings round to repeat the cycle.

TI Tubes is investigating replacing a further manual tube forging operation in the plant with a robot working in conjunction with an induction heating furnace. Induction heating will give better heat-off, reducing irregularities in the shape of the forging and providing a more precise length of heat.

Following the preliminary study, TI's development services division investigated a robot application for the small cylinder division at TI Chesterfield. In the plant, high-pressure cylinders, which work in excess of 2,000 psi are produced to meet world demand for fire extinguishers, and brewery and medical equipment.

Six months ago, following trials, a Unimate 2005 G was installed to handle hammer-necking on the cylinder. It has proved so succesful, with less than 2 per cent downtime on the robot, that similar installations are now envisaged.

Another likely application is cylinder proof testing. Throughout the test a Unimate will handle the largest cylinders, filled with water, and pressurised for up to two minutes to nearly twice working pressure. After being mirror-examined for base end leakage they would be passed to a conveyor by the robot. If a cylinder was found to be faulty the robot would reject it automatically.

Unimation (Europe), Units A3/A4, Stafford Park 4, Telford, Salop TF3 3AX. Telford 618931.

● HANDLING

Contents of pallet are secure

LATEST PRODUCT of Sentor Engineering, Chandlers Ford Industrial Estate, Eastleigh, Hants. (042 15 69881) is a collapsible security pallet.

It has wire mesh sides and ends, in either 2 inch or 3 inch squares, according to customer requirement or choice, and a lid, which may be padlocked.

Capacity of each pallet is one ton, and the overall size is 1,200 mm x 1,000 mm x 1,400 mm.

● PROCESSING

Keeps it all moving

STIRRING equipment, which automatically reverses direction every six seconds, has a top plate covered in high density nylon to resist most spillages and abrasion.

Autorev-H is a magnetic unit which measures 216 mm wide x 140 mm high x 210 mm deep and operates within the ranges of 100/110 volts a.c. 60 Hz or 200/250 volts a.c. 50 Hz standard.

The 145 mm diameter hotplate is made of aluminium alloy in a natural finish, with the sheathed heating element moulded into the casting to ensure good heat transfer. The unit has a stirring capacity of up to 4 litres, depending upon viscosity.

Controls include a single-direction or automatic-reversing illuminated switch, a speed control which is continuously variable from 100 to 1450 revolutions per minute, an energy regulator control and a hotplate indicator light.

Provision is also made, as an optional extra, for a stainless steel retort rod 10 mm in diameter x 450 mm long.

Cabburn Sterilisers, 9 Towerfield Road, Shoeburyness, Essex. 03708 6266.

Removes oil and grease

ABLE TO remove oil and grease from machined components, fabricated metal, glass and plastic parts, is a degreaser comprising a solvent boil tank and vapour container, both constructed from stainless steel and insulated with mineral wool to prevent heat loss.

Solvent consumption is low, due to continuous recycling, and all oil, grease and insoluble particles are retained in the sump until clean-out is required, says Invicta Process, 18, Lakedale Road, Plumstead, London SE18 (01-855 0134).

The degreasers can be heated by natural gas, steam, propane or electricity.

● SOFTWARE

Support for design offices

MORE THAN £90,000 is to be spent under the National Computing Centre's software products scheme to complete development of Swift II.

Software Sciences Engineering will put the finishing touches to this comprehensive interactive computer-aided design and draughting system for the creation, production and amendment of engineering drawings, particularly suited to the needs of mechanical engineers. It aims at a three-fold increase in productivity over manual draughting methods.

The system combines all the hardware and software needed to establish an in-house computer-aided draughting system. It will support up to eight work stations, using interactive graphics terminals, and includes a plotter for the fast production of hard copy output and a digitising board with "sketch pad" facilities. Swift II will be based on a Prime 300 mini-computer.

Specific applications include production of visualisations, detail drawings, conventional three view orthographic drawings, assembly drawings, precision outlines, tolerance structures, changes and amendments. As a design aid, for example, initial ideas can be "sketched" either free-hand or using the system's semi-precision geometry, and will then be automatically displayed for examination. Once the designer is satisfied with the geometry of the layout, the required degree of precision can be automatically incorporated. Flexibility is achieved through a comprehensive range of on-demand facilities including image rotation, isolation, translation, zooming, magnification, repetition and windowing.

Primarily conceived as a complete in-house system supplied on a turnkey basis, it can be tailored to special needs as required. Interfaces to a number of specific packages such as part-programming for numerical control machining and 2D Finite Element Analysis will also be available.

The NCC scheme is intended to provide support for commercially viable products with good export potential that are based on the UK's internationally recognised computing expertise.

Software Sciences Engineering, Myson House, Railway Terrace, Rugby CV21 3HT. 0788 78497.

● COMPONENTS

Big display panels as needed

BASED ON its recently introduced large-sized single character display, English Electric Valve Company can now offer custom-built multi-character displays for such applications as passenger signs, scoreboards and industrial process control.

Available panels have four- or six-inch seven-segment numbers or four-inch alphanumeric characters formed from a 7 x 5 dot matrix. Consuming only two to three watts, the panels can be engineered to accept any digital or analogue input specified by the customer.

Low power five volt switching means that integrated circuits can be used directly to drive and decode, with relatively high reliability.

EEV has also developed a moving message panel with keyboard input which it believes will be used increasingly to provide up-to-the-minute information to passengers at airports and railway stations.

More from the company at Waterhouse Lane, Chelmsford, Essex, CM1 2QU (0245 81961).

● SERVICES

Euro-law on demand

MUCH PUBLICITY has attached to instant answers on legal problems in America. Now, a UK-based, on-line computer legal enquiry service called "EUROLEX" will be made available to the European legal and business profession in the spring of 1980.

It will provide a method of retrieving, quickly and accurately, information on the ever-increasing volume of case law and legislation from both the national courts and legislative bodies, and the European institutions. This all-British project is being developed with the close co-operation of the profession and follows closely the recommendations of the Society for Computers and Law and the Commission of the European Communities.

Eurolex is being set up using the computer-services subsidiary of BOC.

BOC Datasolve has the computing and telecommunications resources necessary to provide instantaneous response to this search service.

To be used in the new service, Status II, a text information retrieval system developed at AERE Harwell, and available as a bureau service from BOC Datasolve.

As well as being used by a number of companies for their own databases, this service is also running the National Hazardous Chemicals information service (HAZFILE) used by the fire services.

Public Relations Manager, BOC Datasolve, Datasolve House, 99 Staines Road West, Sunbury-on-Thames, Middlesex. Sunbury-on-Thames 85566.

● PACKAGING

Sacks are easy to handle

STRONGER THAN a multiwall paper sack and cheaper than a woven plastic or laminated equivalent is one made from a spun-bonded plastic material which can be used for packaging items such as sharp-edged engineering components and items requiring a breathable sack rather than moisture barrier. It is offered by Bowater Sacks, North Road Industrial Estate, Ellesmere Port, Cheshire (051 355 5611).

Special feature of the sacks is their good handling characteristics, says the company, and their inherent rigidity ensures that they retain their shape, particularly when gussetted. Low slip properties also make for easy loading and stacking.

Called the KSB, the sack has an outer ply of kraft paper laminated to a spun-bonded polypropylene inner. Another version, the K-W, employs kraft paper and woven plastic cloth.

Different levels of protection and economy can be achieved by varying the type of kraft used for the outer ply or the grade of the synthetic inner. In both versions, however, the laminated construction provides good moisture barrier properties.

● LIGHTING

Power unit weighs less

PUT ON the market by Specfield, Jennings Buildings, Thames Avenue, Windsor, Berks (Windsor 53132) is a 300 watt mercury vapour arc light source intended mainly for use with equipment such as endoscopes and fibre optical devices.

Compared with the 150 watt quartz iodine lamp conventionally used, the new lamp produces it is claimed, more than eight times the light output. It is powered by a lightweight solid state electronic circuit in place of the rather heavy 25 kg power unit previously required. A 60 per cent weight saving is achieved.

Two lamps are built into the unit (one is a standby), the front panel has an intensity control with coupled meter and a lamp changeover switch. The two light output sockets are adjustable to accept a wide variety of fibre optic light guide fittings.

● SAFETY

Causes the power to switch off

APPROVAL HAS been given by the British Standards Institute to the 002 thermal cut-off device recently introduced by 3M and which is now being incorporated in such products as transformers, showers and steam irons.

The device, not much bigger than a matchstick uses a resin system which, below the critical temperature holds a spring and contact system in the closed circuit condition. If the design temperature is exceeded, however, the resin melts, allows the spring to move and the contact to open.

Approval covers devices within the 76 to 252 deg C temperature range for resistive loads of up to 25 amps at 250 volts ac.

Main object is to cut the electrical supply should the operating temperature of the product exceed a safe upper limit—before insulation breakdown, fire or other hazards can develop. The device is available for about two dozen specific cut-off temperatures. Cost is only a few pence.

More from the industrial electrical products group, 3M United Kingdom, PO Box 1, Bracknell, Berks, RG11 1JU (0344 26726).

THE MARKETING SCENE

How Colt fell at Becher's

D BUT unbloodied by its ithdrawal from sponsor- the Grand National, the ar Company says it has ous other forms of rship under review, its unfortunate experi- ith the great Liverpool chase.

National consumes rs fast. BP had a go, the four years since the ke Group took over the ment of Aintree, the National has been backed News of the World, the wice) and Colt, writes l Thompson-Noel.

total marketing budget ear is approximately It put up a total of for seven races at the National meeting this cluding £50,000 for the e itself.

rding to Colt: "The of extensive market n have shown that the of Colt did not appear ntly on BBC Television sts to enable people to who sponsored the 1979 National, or even if it onsored at all." This, r with a proposed in sponsorship to was too big a propor- the marketing budget event.

if the venture had chance of succeeding, naging director Michael id yesterday: "You've get your feet wet some

orship as a marketing being closely examined. rson, marketing director weppes, which spends on the county cricket onship alone, said this at sport needed sponsor- whereas marketing s did not necessarily ort.

nage was dead: sponsor- d to make firm com- sense, whereas some — notoriously motor and to a lesser extent were in danger of pric- emselves out of the

RVEYS OF BRISTOL, recently challenged an nding that the sherry market was falling, is spending "*well over £2m*" on its range of drinks between now and Christmas, including £1.75m on sherry brand leader Bristol Cream. The agency is Masius, which has produced three new Bristol Cream TV ads. Harveys is also using cinema for the first time in a £200,000 campaign. Club Amontillado and Luncheon Dry will get £171,000; Cockburn's Port, the port brand leader, £325,000. The UK has 26m claimed sherry drinkers. Sales rose 8 per cent last year.

● **AKAI (UK)**, a subsidiary of Akai Electric, is moving its advertising from Kirkwood's to French Lloyd and says it will spend more than £1m on advertising and sponsorship next year. Media-buying will be handled by Tony Rowse Media. French Lloyd is due to lose the BMW business at the end of the year.

● **TISSOT WATCHES** has re-appointed Colman and Partners after a 2½-year sojourn at Vernon's. The account may be worth £400,000 in 1980—£250,000 above the line. Colman's recent new business gains total more than £1.5m. Current billings: £8.5m.

● **THE NEW DODGE** 50 Series range of light trucks is receiving a £260,000 launch via Astral Marketing and Advertising.

● **ITV'S NET** ad revenue in May was £36.5m, against £30.5m in May last year.

● **YOUNG & RUBICAM** has won the Buxted chicken account. The Imperial Foods subsidiary is raising its ad spend to a reputed £1.25m. Over the past six months Y&R has gained more than £6m in new business, as well as successfully repitching for the COI's £2m Energy account.

● **WELLS, RICH, GREEN** London is to handle the Braniff Airways account for Europe as well as the UK.

● **PETER JOHNSON**, sales director at Brooke Bond Oxo, takes over as deputy managing director on July 1, succeeding David Barnett, who has left to handle Brooke Bond Liebig's Australian operation. James Kelly assumes Board responsibility for sales.

Advertising and the bad news laundry list

BY MICHAEL THOMPSON-NOEL

SITTING IN the Hotel Meridien in Paris last November, I was reminded yet again of the ferocity of purpose with which U.S. marketing management seeks sales and share wherever it can find them. My assailant was the *executive vice-president*, marketing, of a food giant whose sales graphs, be it tuna fish or pear juice, straddle half the globe—a man so powerful, in corporate terms, that in the recesses of his Gucci bag dwelt the key to an advertising budget worth almost as much as the Boulevard Gouvion.

He was preaching the gospel of the product: "My friend, there isn't one item on the bad news laundry list that can't be overcome by selling more product. Why weren't the bad experiences in the U.S. marketplace of '74 and '75 repeated in '77 and '78? Because business chose to fight back. Instead of *sitting on its hands waiting for* the economy to sag, it decided that it would not succumb, that it would sell and market itself back from the brink. Instead of cutting my advertising dollars I laid 'em on thick."

At present, I suppose, all bets are off.

There is too much uncertainty. Yet in a watered down version, the sentiments expressed above apply equally to Britain, where the gruesome business lessons of the middle-1970s at least reawakened, in many a management breast, the notion that sales equal profits and that sales can only be achieved with a little honest selling.

Advertising helps. Final figures for the 1978 ad spend, published this week, show that total expenditure last year reached £1.834bn, a 22 per cent increase on 1977. In constant 1970 prices, where figures are arrived at by deflating the advertising cash spend by the Advertising Association's combined index of media rates, expenditure in 1978 was £645m, a sharp improvement on the situation in 1975-76 though still a far cry from the record £716m of 1973.

TOTAL ADVERTISING EXPENDITURE BY MEDIA

Media (£m)	1964	1968	1972	1973	1974	1975	1976	1977	1978
National Newspapers	86	99	130	160	161	162	197	251	295
Regional Newspapers	98	121	188	256	273	283	331	396	483
Magazines and Periodicals	46	50	60	72	71	79	92	116	143
Trade and Technical	37	46	61	73	80	86	103	133	169
Directories*	3	8	15	17	16	20	31	43	50
Press Production Costs	18	23	44	46	48	49	58	73	96
TOTAL PRESS	288	347	498	624	649	679	812	1,012	1,236
Television	102	129	176	210	203	236	307	398	482
Poster and Transport	18	20	26	31	34	35	43	54	68
Cinema	6	6	7	7	8	7	8	9	13
Radio	2	1	1	2	6	10	18	26	35
TOTAL	416	503	708	874	900	967	1,188	1,499	1,834

Media (Percentage of Total)	1964	1968	1972	1973	1974	1975	1976	1977	1978
National Newspapers	20.7	19.7	18.4	18.3	17.8	16.8	16.6	16.7	16.1
Regional Newspapers	23.6	24.1	26.5	29.3	30.4	29.3	27.9	26.4	26.3
Magazines and Periodicals	11.1	9.9	8.5	8.2	7.9	8.2	7.7	7.7	7.8
Trade and Technical	8.9	9.1	8.6	8.4	8.9	8.9	8.7	8.9	9.2
Directories*	0.7	1.6	2.1	1.9	1.8	2.1	2.6	2.9	2.7
Press Production Costs	4.3	4.6	6.2	5.3	5.3	5.1	4.9	4.9	5.2
TOTAL PRESS	69.3	69.0	70.3	71.4	71.2	70.2	68.4	67.5	67.4
Television	24.5	25.6	24.9	24.0	22.6	24.4	25.8	26.6	26.3
Poster and Transport	4.3	4.0	3.7	3.5	3.8	3.6	3.6	3.6	3.7
Cinema	1.4	1.2	1.0	0.8	0.9	0.7	0.7	0.6	0.7
Radio	0.5	0.2	0.1	0.2	0.7	1.0	1.5	1.7	1.9
TOTAL	100.0	100.0	100.0	100.0	100.5	100.0	100.0	100.0	100.0

* Including Yellow Pages

As a percentage of total consumer spending last year, the ad spend, in current prices, reached 1.92 per cent, the second best since 1964. As a percentage of GNP it achieved 1.30 per cent, the best, excepting 1973, since the late 1960s.

In other words, the marked recovery in advertising performance that began in late 1976 is still very much in evidence, although at the Advertising Association, where prudence reigns supreme, it is pointed out that the ad spend last year contributed to trend lines that are totally characteristic of a cyclical pattern of behaviour, and that the advertising spend, in real terms, can be expected to lose some steam this year.

The AA's caution shows up in its remark on the increase in *media advertising rates* last year, which taken as a whole rose by 14.2 per cent. Says the AA: "Although rates increased faster than the inflation index in 1978, there is still little reason to believe that the recession in advertising expenditure widely expected towards the end of 1979 will not once again bring back media rates in line with the Retail Price Index." It is using "recession" in the proper sense of a drawing back from, not as a synonym for "slump," though to listen to the views of some of the shallower agencies and callower media men gives an impression that all life on earth is threatened.

On the contrary. Most agency chairmen predict another good year, although they cannot hope to peer into the first quarter of next year. At the Advertising Association, Mike Waterson says the earlier prediction was for a 13 per cent improvement in the ad spend on a general inflation rate of 11. "The picture was very confused by the first quarter, but the indications are that there is not much of a boom left. However, I would still look for a 2 per cent improvement in real terms, say 15 on 13. A 15 per cent increase would give a total advertising spend, for the full year, of £2.1bn."

The AA agrees that the substantial gains in real terms of the past two years (6.4 per cent in 1977, 7.1 per cent in 1978) have restored several indicators of advertising activity (notably the ad spend as a percentage of consumers' expenditure and as a proportion of GNP) to "very high levels in an historical context."

Display advertising expenditure last year showed a 22 per cent increase in current terms to £1.245n, though at 1970 prices the gain was 6.6. Classified advertising boomed to £402m. Manufacturers' consumer advertising, which includes food, auto, drink and tobacco, toiletries and medical, household and leisure, totalled £745m. In broad terms, the MCA category performed sluggishly, falling to 40.6 per cent of the total spent against 41.5 per cent in 1976, though there were wide variations within it.

As for the media, the two major sectors, Press and TV, performed quite similarly—Press up 22 per cent, television up 21. Their respective shares of total media expenditure changed hardly at all. Within the total Press category, Trade and Technical improved by 27 per cent, magazines and periodicals by 23, the regional Press by 22 and the national Press by only 18 per cent. According to the AA, the success of Trade and Technical largely reflects a big increase in classified ads, while the relatively poor showing by Fleet Street was probably yet another symptom of grave industrial problems.

ADVERTISING TRENDS

Year	1970 Prices* (£m)	Current Prices (£m)	As % of Consumers' Expenditure	As % of GNP
1962	436	348	1.85	1.36
1963	465	371	1.84	1.36
1964	500	416	1.94	1.40
1965	514	433	1.90	1.37
1966	516	447	1.84	1.33
1967	507	451	1.77	1.28
1968	520	503	1.84	1.33
1969	563	544	1.87	1.36
1970	554	554	1.76	1.26
1971	544	591	1.68	1.19
1972	608	708	1.78	1.27
1973	716	874	1.94	1.35
1974	667	900	1.74	1.20
1975	563	967	1.53	1.03
1976	566	1,188	1.62	1.07
1977	602	1,499	1.79	1.21
1978	645	1,834	1.92	1.30

* Obtained by deflating current price figures by combined media index
Source: Advertising Association

Poster and transport advertising and cinema and radio showed gains of 26 per cent, 44 and 35 respectively. Poster advertising was helped by the general election campaign, and continued pressure on sites; cinema by the boom in audiences. Radio, where good profits are starting to accrue, still accounts for only 1.9 per cent of the total UK spend.

Mike Johnson, joint managing director at D'Arcy-MacManus and Masius, where 1978 billings of £58m should reach £65m-plus, says it has never been so difficult to forecast marketing trends. "Take pricing. Companies now have freedom of manoeuvre, but there is a whole generation of brand managers unsure of what the market will bear. By the autumn there is the risk of a bit of a recession in advertising. Manufacturers are worried about wage claims and the possibility of strikes, and may want to hold money in reserve."

With the passing of the Price Commission and the removal from office of the provocative Mr. Hattersley, the advertising business is in ebullient mood. One agency chairman told me this week: "We get excited about this 'threat' or that, but the business remains what it has always been: an enjoyable and extraordinarily easy way of earning large sums of money for doing what we like best."

The next "threats," when they come, will arise in Europe. No-one has an inkling of what is happening there, though at some point the new Euro-MPs may well be invited to address themselves to issues like drink and tobacco ads, and advertising to children. (The Americans call them kiddy ads, though a furore is building).

In the lull bequeathed by prosperity, Adland might do well to chew over the remarks, reported earlier this year, of Lester Delano and Donald L. Kanter, the former of whom is president of Campbell-Ewald International, part of the Interpublic group.

According to Delano/Kanter: "It appears that consumers have good reasons for becoming bored and annoyed by advertising . . . Across Europe there is poor brand and advertising differentiation, minimal rethinking of brand loyalties, little discussion of shopping choices, little appreciation of the company or manufacturer and advertising which is judged predictable and irrelevant."

We haven't heard much discussion about *that*.

JOBS COLUMN, APPOINTMENTS and BUSINESS OPPORTUNITIES

Business-developers needed for north Devon

BY MICHAEL DIXON

HERE ARE first details of an important venture in north Devon, which have reached the Jobs Column by way of Lord Young. Just 21 years ago, as Michael Young, he produced one of those books which people feel they have to talk about, even if a fair number of them haven't actually read it.

The book was a satire called the Rise of the Meritocracy, and the warning that it gave of the increasing assumption of control by stultifying, bureaucratic elites has since been sadly justified by events. That has occurred not only in spite of Lord Young's warning, but also against some of his best efforts. For in the meantime he has been working to develop local economic activity based on small businesses, along with local promotion of education, the arts and research activity, through the Dartington Hall Trust in south Devon.

With one important exception, the new venture planned for the north of the same county will resemble the enterprise which has already grown up around Dartington Hall. There—in addition to a school for 350 pupils and a college for 250 students of art, music and drama—the charitable trust has established about 50 working organisations from which it draws a large part of its income.

These organisations employ around 1,000 people and include farms and retail shops as well as small industrial concerns involved in glassware, textiles, furniture, cider-presses and sawmills.

Their assets, currently about £20m, are all owned by the Trust, which brings us to the exception I mentioned earlier. It is that the new businesses which Lord Young and his colleagues want to cultivate northward, are intended to be co-operatives whose capital will eventually be owned by those who run and otherwise work in them.

To that end, there has been set up the Dartington North Devon Trust. This has some money of its own, and it is linked with the Council for Small Industries in Rural Areas and other appropriate bodies. Footholds to the north of the county already exist at Torrington where there is a 700-employee glassworks and at Beaford where Dartington has established an arts centre.

But the growth of the new, co-operative economic activity for the northward venture will depend much on the two or more people for whom Lord Young has now come to the employment market.

The first need is for an administrator to work, probably in Barnstaple, as the chief officer of the Dartington North Devon Trust. Naturally, keen interest in furthering the development is wanted, but experience and skill in hard-headed administrative work of some related kind is essential. The salary indicator here is £6,000 to £10,000.

The other need is for a manager, or managers, with even more hard-headed ideas for suitable products or services with which the new economic activity can begin its growth. As well as the ideas, candidates will need demonstrable skill in setting up and successfully running small businesses designed to operate as co-operatives.

Because of this, Lord Young would prefer candidates to be willing and able to invest some capital on their own behalf in the enterprise they are able and keen to create as part of the foundations of the north Devon venture.

Even so, given the right kind of project coupled with the necessary evidence of business skill, the trust would provide the starting capital with a view to being bought out at a later date by the new company's managers and employees. In such a case, the pioneer would probably be expected to build up his or her capital-stake by paying into a savings account part of the modest starting salary of £8,000 or so.

People interested in joining the venture as business pioneers could have gained the required managerial experience either in a small business, or in a large concern.

They should convey their interest, together with an outline of suitable qualifications, in writing to Gareth Keene, secretary, Dartington Hall Trust, Totnes, South Devon. And they should do so quickly because Lord Young is evidently in something of a hurry.

"It's important that we should start up at least two or three of the small business co-operatives within the year, because we're keen to show that this kind of programme can be a useful comprehensive development agency for local economies and communities," he said. "And if we can do that in north Devon, then we can start doing the same in other areas."

Product ideas

SOMEONE combining managerial skills with commercially promising ideas for new products specifically of an engineering kind is being sought by head-hunter Nigel Cragoe, of ERP (International Recruitment). He may not name the company concerned and so—like the consultant dealing with today's final job, too—agrees to abide by any applicant's request not to be identified to the employer until specific permission has been given.

Based in Birmingham, the company has about 400 employees. Mr. Cragoe says that turnover and profit are currently adequate, but improvements to both are desired, and quickly. One idea at the moment is that some improvement might be achieved by doing some manufacturing under licence, and inquiries to that end are under way.

Even so, the organisation would still like to import commercially sound ideas for a new line of products of its own, and develop them as quickly as possible for sale on the markets of the world.

In return for the newcomer's injection of innovative proposals for engineering manufacture coupled with business skills, the company is offering a starting salary of about £15,000, plus participation. Success should lead to the appointment of the recruit as managing director in the space of two or three years.

The age indicator is 37 to 42, but I gather that how long applicants have been alive is less important than their demonstrable ability to deliver the new goods required.

Although Nigel Cragoe resembles the aforesaid Lord Young in being in a hurry to find the needed person, he is anxious not to embroil his client with product ideas which do more credit to the inventor's free-ranging imagination than to his or her commercial nous. So applicants will be required to convince him, in the first instance, of the practical soundness of their proposed widgets. His address is 50 Pall Mall, London SW1—telephone 01-839 5881; telex 919722 Rolmar G.

Sales boffin

TODAY'S FINAL job is for someone who, since qualifying as an accountant or company secretary, has moved into administration of more general kind. It is being handled by consultant Richard Downes of the Professional and Executive Recruitment agency on behalf of an un-named multinational manufacturing group.

Based in the London sales administration office, the newcomer will be responsible to the European controller, and will head about 20 staff concerned with accounts, budgets, data processing, and legal and secretarial work. The tasks include liaison with customers as well as company staff including auditors.

Age about 35 to 45. Salary up to £12,000. Car. Applications with outline of relevant qualifications to Mr. Downes at PER, 4, Grosvenor Place, London SW1X 7SB. Telephoned inquiries to him at 01-235 7030, extension 206.

A major International company in the fast moving consumer goods industry requires an:

EXPORT SALES MANAGER
(Childrens Wear)

This is an exciting "NEW" opportunity coming at a time of the expansion of our clients' already major activity world wide. It offers considerable scope for a person who can combine Export Sales Supervision and market planning and development, with strong entrepreneurial and negotiating skills. Linguistic ability and a following in the childrens wear retail trade are distinct advantages.

He/she will have full P & L responsibility for the divisions activities in West European markets especially the United Kingdom and Scandinavia. The prime task is developing sales and distribution through quality wholesale and retail outlets and agencies.

A PROVEN record of success in the childrens wear industry (ideally in the 3 month-14 year group) is required together with a knowledge of USA and Continental sizes and in-country labelling. Substantial travel is involved enabling flexibility of base location. There are attractive fringe benefits and a substantial bonus based on performance. My client wishes to make an early appointment.

London | Age 30–40 | Salary circa $30,000 + car

Candidates should ideally make initial contact by telephone quoting GY.

I *Robin R Whalley*
A INTERNATIONAL APPOINTMENTS (LONDON) LTD
L *(Executive Recruitment Consultants)* *Telephone: 01-839 1602/4*
Greener House, 66/68 Haymarket, London SW1 *Cables: Interappt, London, SW1*

Financial P.R. Executive

We are a recently formed Public Relations company, with substantial financial backing.

We are looking for an executive to handle, initially, the day to day liaison work on the P.R. account of a well known financial institution.

The ideal candidate, who will report directly to our Chairman, will already have experience of working in a P.R. agency, and will be able to deal with, and be briefed by, the top management of our client. In addition, he or she will have well established connections with city editors and journalists, as well as being thoroughly conversant with the mechanics of communicating with the media.

Ideal age is 30 to 40. Salary, which is for discussion, is not a limiting factor.

Applications, which should contain a full c.v. and details of current salary, and which will be treated in the strictest confidence, should be addressed, in the first instance, to the Company's Solicitors:

Neilson & Co., 17 Chapel Street, LONDON NW1.

and marked for the attention of H. Tahta, Esq.

Research Assistants
Bank of Scotland Investment Department

Bank of Scotland has two vacancies for experienced Research Assistants to supplement the Pension Funds team within its Investment Services Department in Edinburgh.

The first position involves the analysis of the U.K. Equity Market and the preparation of written reports on holdings in particular sectors.

The second post covers the main sectors and overseas markets in which Pension Funds are invested and the successful candidate will be required to travel and meet with the managements of the companies concerned to assist in the preparation of written reviews on the Funds' holdings.

Applicants should have at least 4 years' post qualifying experience preferably in the Research Department of a Stockbroker's Office or an Institutional Investment Department.

This is a first class opportunity for young Research Assistants to widen their professional experience working within an expanding and soundly based Joint Stock Bank. Salary will be commensurate with experience and in addition there are other attractive benefits including a Non Contributory Pension Scheme and loans at preferential rates for house purchase and other approved purposes.

All replies will be treated in the strictest confidence and application forms for the posts may be obtained from:—
Bank of Scotland, Staff Department, P.O. Box No. 5, The Mound, EDINBURGH, EH1 1YZ.

BANK OF SCOTLAND

Head of Group Pensions
With the accent on management skills

Central London **± £11–12,000 p.a.**

Our Client, a major British Group of Companies with world wide interests and activities, has c7,000 fund members in a self administered and actively growing pension scheme.

This position, at the head of an established professional department, reports to the Director of Personnel and carries responsibility for directing the overall management of the department and fund; organising and administering the scheme for the maximum benefit of its members, both current and retired; and ensuring that the trustees have the necessary information for the efficient execution of their duties.

This is a senior management appointment, calling for a Pensions Manager possessing flair and a high level of management ability, coupled with financial acumen. The successful candidate will be an experienced Pensions Manager aged 35–45 and possessing a Chartered Secretary or PMI Qualification, who is accustomed to dealing at the top in a large organisation. Some involvement in an International Company would be an added advantage.

An excellent range of benefits is offered including a significant staff discount scheme.

Men or women should apply to Irving Gordon quoting Ref HGP/764

IPG Personnel Consultants
Julco House, 26-28 Gt. Portland St., London W1N 5AD. Tel: 01-637 0212 (24 hrs).
Professionals in Selection & Search

Opportunities at the centre of accounting developments

The Technical Directorate of The Institute of Chartered Accountants in England and Wales plays a central role in the development of accounting and auditing standards and in the provision of technical support to the accountancy profession.

During the past two years there has been a planned programme of expansion in the Directorate and there are now 19 qualified staff occupying some exceptionally interesting posts. Two further important vacancies now arise at under-secretary level in the following areas:

Accounting Standards

This position involves the drafting of technical papers and the administration of working parties and sub-committees dealing with particular projects. There are regular contacts with leading members of the profession in practice and commerce, as well as with the wider membership and outside organisations.

Technical Services

This new position requires commercial flair together with some experience in industry or consultancy. The successful candidate will report to the Head of Technical Services and will be responsible for:

* initiating new titles in the successful Accountants Digests series,
* seeking new publishing opportunities for the Committee,
* supervising the Interfirm Comparison Scheme,
* servicing a sub-committee which provides advice on the technical needs of members in industry and commerce, and
* a certain amount of budgetary control work relating primarily to the services provided by the Technical Directorate.

Candidates for both positions should be qualified accountants, preferably graduates, and with at least three years' post qualifying experience. The starting salary is likely to be between £8,500 and £10,500 dependent upon age, experience and qualifications. The positions offer excellent experience for those with an interest in technical developments and will provide a valuable basis for further career development either within the Institute, in practice or in commerce.

For further details and an application form please write in confidence to:

R. G. Willott Esq., Technical Director,
The Institute of Chartered Accountants in England and Wales
P.O. Box 433, Chartered Accountants' Hall,
Moorgate Place, London EC2P 2BJ.

MAJOR TRADE ASSOCIATION SEEKS

TWO EXECUTIVES

United Kingdom Commercial Assistant

A graduate is required to provide a secretarial service to a number of Product and functional Committees. Clear expression and numeracy are essential qualities. He or she should be able to understand written French. Salary circa £3,360 plus car. Location, Birmingham.

International Commercial Assistant

A graduate with at least two years' commercial experience is required. He or she should be numerate, able to record meetings and write clearly and have a good command of French, and preferably also German. Duties will include servicing international bodies and Product Committees for which the trade association is responsible. Considerable overseas travel is involved. Salary circa £4,250 plus car. Location, London.

Excellent pension scheme and other fringe benefits

Applicants should write with full details of qualifications and experience to:

Mr. I. J. Benson
The British Non-Ferrous Metals Federation
Crest House, 7 Highfield Road
Edgbaston, Birmingham B15 3ED
from whom further details are available

SECRETARY/ADMINISTRATOR

The British Group of the Inter-Parliamentary Union seek applicants for the post of Secretary, to work in and from the Palace of Westminster for an initial five-year engagement.

The successful candidate is likely to be over 50 years of age, must be adaptable and able to cope with a wide range of situations. French and other languages a great advantage.

Responsibilities include the organisation of incoming and outgoing delegations of Parliamentarians for visits and conferences, foreign travel, reports, memoranda and Group accounts—working under the direction of an All-Party Executive Committee.

For further details and an application form please write to: The Chairman, I.P.U. British Group, Palace of Westminster, SW1A 0AA. Closing date 5th July.

INTEREXEC

UNADVERTISED VACANCIES

Interexec provide Britain's largest and most comprehensive confidential career advisory and job searching service for senior executives entering the employments market either in the U.K. or overseas.

Interexec clients are never expected to register with an agency, apply for a job, research an employer, prepare any written presentation, write a letter or even find vacancies.

Interexec trained staff undertake all this and more to assist executives to secure senior positions quickly and effectively.

If your future is in doubt, contact:

Interexec,
31 Southampton Row,
London WC1B 5HJ.
01-404 4321

Milburn House,
Dean Street,
Newcastle-upon-Tyne.
Newcastle (0632) 29334

Investment Manager

Isle of Man **£12,000+**

As a result of a continuing expansion of business, our Client, a well-respected Private Bank based in the Isle of Man, seeks to appoint a Deputy Chief Executive.

Candidates, probably aged 28-35, must have a sound knowledge of all international investment markets, together with the ability to deal effectively with both institutional and private clients.

The successful applicant will work closely with the Managing Director in formulating investment strategy and will supervise a small team of executives responsible for portfolio management and investment research.

This position represents an opportunity to work in a pleasant environment where a competitive salary will be accompanied by substantial tax benefits.

Contact A. J. Tucker, M.A., A.I.B., in confidence on 01-248 3812

NPA Recruitment Services Ltd
60 Cheapside London EC2 Telephone 01 248 3812 3 4 5

Energy Adviser

for a large employer with numerous work locations throughout the UK. The Energy Adviser will survey and appraise the measures already adopted to conserve energy and limit expenditure on electricity, gas and oil and where appropriate recommend further action.

Candidates, probably Chartered Engineers, aged 50 to 60, must have wide experience of building services and engineering involving the economic and efficient use of these forms of energy and be prepared for extensive travel. An initial three year contract, extensible to five, will be offered, with a salary negotiable in five figures and a car. Location London or Birmingham.

Please send relevant details – in confidence – to P. Hook ref. B.26433.

This appointment is open to men and women.

MSL

United Kingdom Australia Belgium Canada France Germany Holland Ireland Italy New Zealand South Africa South America Sweden Switzerland U.S.A.

Management Selection Limited
International Management Consultants
17 Stratton Street London W1X 6DB

Energy Lawyer
British Gas HQ, London

British Gas wishes to appoint a Senior Legal Adviser whose responsibilities will be primarily for contractual work in connection with its activities in exploration for and acquisition of natural gas.

The successful applicant will need to know or learn the operational side of the gas and oil industry. Preferably a graduate, he or she should be a solicitor or barrister with no less than five years' general commercial experience either in private practice or industry. Based at the Headquarters legal department at Marble Arch, there will be opportunities to deal with other commercial matters relating to the Corporation's national and international business.

A competitive salary commensurate with experience and qualifications is offered and the benefits are those normally associated with a large progressive organisation, including relocation assistance where appropriate.

Applications giving age, qualifications, experience, current salary and quoting reference number CH/23901/FT should be addressed to: Personnel Manager (HQ), British Gas, 59 Bryanston Street, London W1A 2AZ. Closing date for applications 5 July 1979.

BRITISH GAS

Jonathan Wren · Banking Appointments
The personnel consultancy dealing exclusively with the banking profession

INTERNATIONAL INVESTMENT MANAGEMENT

A leading Accepting House requires a senior executive for its International Investment Department.

The successful applicant will be aged between 30/35 years and will have had experience in all international markets including both bonds and equities, with the possible exception of the United States.

Duties will include the management of international monies for U.S. citizens and U.S. based institutions and also assistance with the sales effort in the United States. A knowledge of French or German would be helpful.

An attractive salary will be negotiated according to experience together with the usual banking fringe benefits.

Please telephone in confidence, or write enclosing a full curriculum vitae to PETER S. LATHAM

First floor, entrance New Street
170 Bishopsgate London EC2M 4LX 01-623 1266

هكذا من الأصل

COMMODITY MANAGER

A natural leader who has learned the commodities business through hard experience is required to head up the Futures Division of a market leader. The location is Australia where the Futures industry is undergoing dramatic expansion both in terms of types of contracts traded and market penetration. Robert Howes and Associates intend to continue leading the industry in a mature and responsible manner and the person we are seeking will play a vital role in attaining these objectives.

Don't pass over this opportunity either for reasons of unfamiliarity with Australia or the relative youth of the Australian Futures industry. The position is a head office appointment in Sydney, a cosmopolitan city of considerable financial and social sophistication, which is undoubtedly one of the world's most idyllic locations in terms of climate and surroundings. The successful applicant should certainly enjoy a considerably higher standard of living and the relative youthfulness of the market place will be seen by the right person as a positive opportunity.

The remuneration package envisaged will fully reflect the calibre of the successful applicant. Achievement incentives will be a component of this package.

The Job

Whilst the above has adequately portrayed the overall parameters of the position, what follows describes in more detail the actual duties involved.

* National responsibility for the trading policies and performance of a team of account executives who presently number twenty. In addition, staff selection and training will be an important component.
We would like you to note that we are actively seeking experienced account executives, both in the UK and USA.
* Responsibility for the projection of a professional image through seminars and the shared training of staff nationally in the area of giving effective seminars.
* Responsibility for the setting of standards and the continual monitoring of performance at all levels.
* It is envisaged that the job will entail high level client contact and possibly the management of a few select large client portfolios.
* Familiarity with and broad supervision of the administration procedures associated with a large commodity broking operation.

It will be apparent that the successful applicant will need to be very experienced, not only in the area of commodity trading but also in the areas of business and staff management. Whilst not wishing to preclude any applicant who feels suitably qualified, we envisage a person in their thirties or forties who, put simply, has 'done it all'.

As an important career appointment, further advancement within the overall organisation is anticipated.

Interviews in London will be arranged with chosen applicants and should occur during July. Applications will be kept confidential.

Please address replies will full details of your track record to:
Ingolf Eide, General Manager,
Robert Howes and Associates Pty. Ltd.,
Bank of Adelaide Building, 275 George Street,
Sydney, NSW 2000, Australia. Tel.: 29 2911

Financial Director
South West London

The Company, a subsidiary of a major US pharmaceutical group, has an annual turnover of £20 million and employs over 800 people in the UK. A considerable proportion of its production is exported to trade and affiliate customers worldwide.

The Financial Director will be responsible to the Deputy Managing Director for financial control of the Company and for the general management of the Financial Division which presents annual budgets, shorter term projections and periodic accounting reports. The essential need is for authoritative financial leadership at Company level and the post involves membership of the general policy making committee and close co-operation with the heads of the other operating divisions and with European and Corporate financial management.

Candidates aged around 35 must be Chartered Accountants with several years experience, at least at Financial Controller level, preferably in a multi-national company in a process industry.

The post will attract candidates earning over £10,000 per annum. Benefits are attractive and include a quality car and a non contributory pension scheme.

Applicants should write with full curriculum vitae to Position Number ASF 7401, Austin Knight Limited, London W1A 1DS.

Applications are forwarded to client concerned therefore Companies in which you are not interested should be listed in a covering letter to the Position Number Supervisor.

AK ADVERTISING

FINANCIAL CONTROLLER

GULF STATE — **c. £14,000 + substantial benefits**

Our client, a major oil production company, experiencing considerable expansion of its activities requires to recruit a mature qualified accountant to join the capital project control team. He will be the financial member of a multi-discipline department involved in the co-ordination and control of multi-million pound developments. Applications are invited from accountants who have acquired broad financial experience and who would enjoy the challenge of a particularly attractive assignment. Previous project knowledge would be advantageous but is not essential.

In addition to attractive salary and bonus benefits include married accommodation, a car, free medical, assistance with education and six weeks UK leave per annum, fares paid. There are two free air passages annually for children being educated in the UK. Social and educational facilities are particularly good.

For further information contact R. J. Welsh

Reginald Welsh & Partners Limited.
Accountancy & Executive Recruitment Consultants
123/4 Newgate Street, London EC1A 7AA Tel: 01-600 8387

International Manager Finance
Windsor
£15,000–£18,000

The joint venture operations of Continental Can in the Middle East and Africa are supported by a small team of professionals.

As a member of this team, the responsibility is to provide operational control and authoritative financial and accounting advice to established and new enterprises. Around 40 per cent travel is expected.

Candidates must have industrial experience and be able to show total financial expertise to U.S. accounting standards plus an international business awareness including project control in developing countries. The ideal age is 30 to 35.

Applications, which will be treated in strict confidence, should contain relevant details of career and salary progression, age, education and qualifications.

Please write to A. C. Crompton quoting reference 800/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultants
128 Queen Victoria Street, London EC4P 4JX

Senior Accounting Executive
Croydon c. £13,000 + full fringe benefits

Unusual circumstances create the need for a substantial group of companies, part of a public group, providing banking and financial services to recruit a senior accounting executive for its instalment credit and leasing activities (turnover £600m.).

The person appointed will be responsible for the day to day administration of a department of over 100 people responsible for most centralised accounting and administrative functions. In particular there is a requirement to produce regular divisional accounts and management information and keep systems and procedures in line with growth.

Suitable candidates, male or female aged at least 30, must be qualified accountants, preferably chartered, with strong managerial ability and experience gained in commerce, ideally in the credit finance field.

In addition to salary which is negotiable, there is a very comprehensive range of fringe benefits, including car, mortgage and personal loan facilities.

For an application form, write in confidence showing how you meet the specification and quoting reference 2097/L, to M. J. H. Coney, Peat, Marwick, Mitchell and Co., Executive Selection Division,

165 Queen Victoria Street,
Blackfriars.
London. EC4V 3PD.
Peat, Marwick, Mitchell & Co.

FINANCIAL CONTROLLER
BUILDING INDUSTRY
£12,000-£15,000 p.a. and Quality Car

This West Country based house building group with an annual turnover approaching £20 million and ambitious expansion plans, has a need for a successful Executive with a good financial background.

Reporting to the Operations Director the new Controller will initially be responsible for providing a complete financial service to four separate Divisions, by setting up Divisional Accounting teams.

Thereafter the position will provide the opportunity to become involved in the General Management of the Company to ensure that the existing Directors can focus their attention on the opening of a U.S.A. subsidiary, leaving the U.K. operation to continue its impressive return on investment record.

Candidates should be in their 30s with a good track record and the ability to contribute to the General Management of a successful Company.

Please telephone for an application form:
Miss Jane Gregory.
WESTBURY ESTATES LIMITED.
Westbury House, Lansdown Road,
Cheltenham. Glos.
Tel: Cheltenham 36191.

INVESTMENT MANAGER
HONG KONG

An excellent opportunity for a well-educated young man in his late 20's.

The Hong Kong Office of an International Investment Management Group has a vacancy for a position which will involve the successful applicant in all parts of the business, namely: Fund Management, Marketing and Administration. A knowledge of the Stock Markets of the Far East is not essential.

The successful applicant will be required to acquaint himself with the Group operations in London prior to going to Hong Kong.

Salary, housing allowance, etc., are negotiable according to experience.

Please write to Box A.6806, Financial Times,
10 Cannon Street, EC4P 4BY.

REQUIRED FOR A PROMINENT
INSURANCE COMPANY
IN THE GULF AREA

Ambitious young man willing to work in Saudi Arabia, United Arab Emirates or the State of Qatar. Age not less than 25 and not more than 35. Attractive remuneration plus housing, transport and termination of duty compensation. Applicant should have at least three years' experience in one branch of insurance.

Please apply to Box A6790, Financial Times
10 Cannon Street, EC4P 4BY

Business Analyst Systems Control
Slough to £7500

Our client, a very successful international group, manufacturing and marketing high technology business equipment is currently introducing a computerised parts distribution and warehousing system throughout Europe.

The project team now requires a further member to develop procedures and controls, testing methods and documentation for user subsidiaries. It is expected that this administrative back-up will be complete by mid-1980, hence there is considerable pressure on this department. There will be a small amount of travel to the subsidiaries in Europe, integrating the solutions to their particular problems in the operations manual.

You will ideally have been involved in parts/materials warehousing and distribution systems, with practical knowledge of computer applications and usage. You should be aged 24-30, either a numerate graduate with 2-3 years relevant experience, or have worked extensively in a computerised systems environment.

A mature, thorough, analytical approach combined with strong communicative skills is essential in this role, where the problems must be anticipated promptly and solved quickly. Please telephone or write quoting Ref. RG 2426.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

Financial Director, Designate
Chartered/Certified Accountant
Isleworth, Middlesex £12,500+Car

Our client, a well established privately owned building engineering services company, want to employ an accountant who can demonstrate his/her ability to work at Board level.

The position is twofold, that of Treasurer-Accountant, who has the task of the preservation of and the recording of the company assets, flow of funds, the preparation and monitoring of budgets, and that of Company Secretary.

The latter role demands a knowledge, or a willingness to gain it, of construction industry contract law plus an ability to safeguard the interest of the company in contract matters.

There will also be the statutory duties of Company Secretary to a group of Companies.

The Financial Director designate, reports directly to the Chairman, and will be expected to play a constructive part in decision taking in such matters as areas of expansion, introduction of an inhouse computer and action following from the interpretation of management information.

The chosen applicant will have been able to demonstrate that their professional qualifications have been successfully applied in a commercial situation, and is likely to be aged 35-45 years.

Benefits, including profit sharing, are negotiable.

Please reply giving a brief CV in writing listing the names of any companies to whom you do not wish your applications sent and quoting ref. 567 to Norman Summerfield, Moxon Dolphin & Kerby Ltd, 60 St. Martin's Lane, London WC2N 4JB.

MOXON DOLPHIN & KERBY LTD
MANAGEMENT SELECTION

Foreign Exchange Dealer
c. £9,000 p.a. Central London

Our client, the European Headquarters of a multinational energy company, requires an experienced Foreign Exchange Dealer to join a young and highly qualified treasury team.

The successful candidate of either sex aged 24-32 will be a graduate or a qualified accountant. Experience of foreign exchange dealing gained in a bank or a large multinational company is essential.

The Foreign Exchange Dealer will be responsible for the foreign exchange and deposit transactions of the company throughout Europe and for co-ordinating available cash balances in each country.

Applications in confidence to B. G. Luxton (Ref. 6403).

mh Mervyn Hughes Group
2/3 Cursitor Street, London EC4A 1NE
Management Recruitment Consultants
01-404 5801

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 19th June

Job Title	Salary	Location	Advertiser
Financial Controller and Co. Secretary	£8,500+Car	South Wales	Whinney Murray & Co.
Qualified Accountant	—	Central Croydon	Hodges Chapman Chartered Accountants
Deputy Accounts Manager	£8,500	City	Lloyds Syndicate
Group Accountant and Company Secretary	£9,000	NW London	Personnel Resources Ltd.
Financial Analyst	£9,000+Car	South London	Personnel Resources Ltd.
Chartered Accountant	£9,000+Car	—	Financial Times Box No. A6803
Chief Accountant	£8,500+Car	Hampshire Coast	Mervyn Hughes Group
Financial Controller	£9,000 Neg+Car	—	Quest Advertising Ltd.
Financial Accountant	£7,500+Car	West London	Dunlop & Badenoch Ltd.
Job Search Opportunities	—	—	Percy Coutts & Co.
Accountant	$19,000	Bermuda	IPS Group
Financial Accountant	£6,000+Car	Bedfordshire	John Willmott Group
Management Accountant	£7,000	West London	Peat Marwick Mitchell & Co.
Financial Accountant	£7,500+Benefits	S. Suffolk	PER Chelmsford

For further information see the FT of that date or telephone 01-248 8000 Ext. 526 or 01-248 5597

International Tax Manager

Cadbury Schweppes is an international company in the front rank of manufacturers and distributors of confectionery, drink and food products. Its operations, either through subsidiary and associated companies or by franchise arrangements, cover most areas of the world.

The nature of the Group's operations create complex tax problems that require recognition, planning and reflection in the published accounts.

This is a new appointment, the successful applicant will head up the U.K. Tax Department and will be based at the Group's Head Office at Marble Arch in London. An important part of the work will be to assess the taxation implications of new developments and their treatment in the accounts.

Only a man or woman who can build up effective working relationships that ensure advice being readily sought and who can effectively communicate with all levels of Management would be successful in this position.

The required qualifications are:—

- at least ten years' experience either in a professional firm of accountants with a wide range of international clients, or in a central position with another international company with substantial overseas interests.
- thorough knowledge of U.K. taxation legislation and a working knowledge of the taxation systems of the major countries overseas.
- ability to recognise future problems and to plan their solution.
- thorough knowledge of U.K. requirements for the treatment of taxation in accounts.
- Chartered or Certified Accountant.

Salary will be c. £12,000 per annum plus car and normal benefits associated with a large company.

Please write with career details to: Mrs. C. M. V. Griffiths, International Manpower Department, Cadbury Schweppes Limited, 1-10 Connaught Place, London W2 2EX.

Cadbury Schweppes

Financial Director Designate

Lancashire, c. £13,000 + Car

Part of an international group whose worldwide operations cover a wide range of activities, the Company is engaged in the marketing of specialised metal products. Reporting to the Managing Director, the Financial Director Designate's prime responsibility is the overall financial control of the business. Other important duties include the development of the accounting systems and overall control and responsibility of the computer development programme. Applicants, probably around 40, should be qualified accountants with a proven record of financial management, ideally in a similar industrial environment. Knowledge of U.S. accounting and reporting requirements and previous experience in inventory control and evaluation would be advantageous.

C.G. Moores, Ref: 34185/FT

Male or female candidates should telephone in confidence for a Personal History Form to:
MANCHESTER: 061-236 8981, *Sun Life House, 3 Charlotte Street, M1 4HB.*

Hoggett Bowers
Executive Selection Consultants
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ISMS

The Chartered Institute of Public Finance and Accountancy (CIPFA)

We are retained by the Council of the Institute to advise on the appointment of

Director

As Head of the Institute Secretariat, the Director will be responsible for the efficient conduct of all Institute activities on a national basis.

Strong preference will be given to corporate members of CIPFA but exceptional candidates who are otherwise qualified and who hold senior management posts in the public sector are also invited to apply. A preferred age bracket of 40–52 is specified by the Institute, and a basic salary of £16000–£20000 with excellent fringe benefits.

Potential candidates are invited to submit details of their qualifications and interest in writing. In return they will receive full details of the appropriate specification.
Please write to:

Neil D Margerison
ISMS International Limited
Executive Recruitment Advisers
115 Mount Street, London W1Y 5HD
Telephone 01-493 6807

Deputy Managing Director

S. England c. £15,000 + car

For an autonomous sales and distribution subsidiary of a major EEC steel corporation.

Reporting directly to the board, this new appointment is being made to strengthen the company's organisation and administration.

Candidates, preferably in their early forties, must above all have the strength of personality, business acumen, and motivational skill demonstrated by a successful business management career. They must also have good financial knowledge. Experience in the metal fastener industry would be an advantage.

The company is attractively located, and there is an appropriate benefit package.

For an application form, write in confidence showing how you meet the specification and quoting reference 3352/L, to J. H. Cobb, Peat, Marwick, Mitchell & Co., Executive Selection Division,

165 Queen Victoria Street,
Blackfriars,
London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.

Business Analyst Project Coordination

Slough **to £8500**

Our client, a very successful international group, manufacturing and marketing high technology business equipment is currently introducing a computerised parts distribution and warehousing system throughout Europe.

The project manager now requires a young graduate, with 2-3 years broad business experience, to coordinate the development and implementation of the system, liaising regularly with project staffs and subsidiaries management at all levels.

You will be at the centre of this complex and tightly scheduled project, ensuring that both financial and time parameters are met: you will also report periodically on problems and progress of the financing and administration of the project, both to the manager and Headquarters.

You should have a numerate background combined with practical appreciation of finance, systems and business methods. Ambition, self motivation and good communicative skills will be essential personal attributes within this challenging environment. A small amount of travel to Corporate H.Q. in America and to subsidiaries in Europe will be necessary. Please telephone or write quoting *Ref. RG 2427.*

Lloyd Chapman Associates
125, New Bond Street, London W1Y 0HR 01-499 7761

Assistant Investment Manager

York

We are seeking an Assistant Investment Manager (man or woman) to help manage our well-established pension fund, valued at about £60 million. The fund pursues an active investment policy in most sectors of the market and is still growing.

The position calls for a detailed knowledge of stock exchange securities and the ability to express a personal opinion on investment matters. In addition a knowledge of the property market would be useful but not essential.

The Assistant Manager will be required to provide reports on Industries as well as companies and assist in the dealings and administration of the fund.

A degree or professional qualification is desirable and it is unlikely that those under 30 years of age will have the necessary experience for this position.

We offer an attractive salary, profit sharing and help with the costs of moving. York, an historic city, still offers reasonably priced housing, good schools and easy access to coast and countryside.

If you are interested please write for an application form (quoting ref. B.660) to: Miss E.A. Ellison, Staff Office, Rowntree Mackintosh Ltd., York YO1 1XY.

Rowntree Mackintosh

FINANCE DIRECTOR DESIGNATE

SUNBURY-ON-THAMES £10,000 + car

This post gives a career development opportunity on joining a successful Private Diversified Group.

Candidates should be over 28 and have an accounting qualification with experience in Industry, preferably Engineering.

The successful applicant will join a Management team at senior level to strengthen and structure the financial control and systems of three companies within the Plastics and Engineering Division.

Please write in strict confidence giving full details of career to date to:—

Chief Executive
HEWITT GROUP
212/216 Staines Road East
Sunbury-on-Thames
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Two Senior Dealers required

FX and Deposit

Chemical Bank is looking for an experienced FX Forward Dealer and an experienced Eurodollar Deposit/CD Dealer. Applicants should be aged between 21-30 with a minimum of 2 years' proven dealing experience.

An excellent salary with opportunities for promotion will be supported by a wide range of benefits, including low cost mortgage assistance, non-contributory pension, life assurance, free lunches, BUPA and profit sharing.

Applicants, male or female, should write giving educational and career details to date to: Barry Linsley, Vice-President & Head of Treasury, Chemical Bank, 180 Strand, London WC2 1ET.

CHEMICAL BANK

HEAD OF CREDIT ANALYSIS

International Merchant Bank

Hambros Bank invites applications from qualified accountants, for immediate appointment as Head of Credit Analysis.

Credit Analysis is an important function within the Bank, providing a comprehensive service to the International, Banking and Investment Divisions. The section also plays a very significant part in the training and development of graduate entrants to the Bank.

The successful applicant is likely to be a graduate who has had at least one year's post-qualification experience in a large firm of chartered accountants and who now seeks to develop a career in International Merchant Banking.

A competitive salary and attractive fringe benefits will be offered.

Please apply, with curriculum vitae, to *A.F. Brignall, Hambros Bank Limited, 41 Bishopsgate, London EC2.*

HAMBROS BANK

Company Secretary

City to £10,000 + car

For an established and actively expanding insurance company.

Reporting to the chief executive, the appointee will have responsibility for compliance with all relevant legislation including Exhange Control regulations, and also general administrative duties.

Candidates must be chartered secretaries, preferably between 30 and 40 and must have considerable experience in insurance, at a senior level.

A good benefit package is available.

For an application form, write in confidence showing how you meet the specification and quoting reference 2070/L, to J. H. Cobb, Peat, Marwick, Mitchell & Co., Executive Selection Division.

165 Queen Victoria Street,
Blackfriars,
London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.

Financial Controller

Essex to £14,000 + car

Our clients, a major retail company (T/O £250m) have, as a result of an internal reorganisation, created the role of Financial Controller. The successful candidate will act as the Deputy to the Finance Director and be regarded as an important member of the senior management team. Initially with three divisional heads and a staff of 60, he/she will be responsible for providing fast and accurate information and reviewing existing systems, as well as for the smooth running of the department. Applicants must be Chartered Accountants aged 28-32 with a proven record of success, including staff control, and be of the calibre to succeed eventually to the position of Finance Director. REF: 1121/FT. Apply to R. P. CARPENTER FCA, FCMA, ACIS, 3 De Walden Court, 85 New Cavendish Street, London W1M 7RA. Tel: 01-636 0761.

Phillips & Carpenter
Selection Consultants

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MANAGER

General Administration Department

(Soomu Bucho) University graduated, between 40 and 50 years of age, with successful background, experienced in accounting, financing, personnel controlling and some experience in legal matters: must be good in speaking and writing English and Japanese and should have at least three to four years' experience in Europe or U.S.A.

Attractive remuneration and benefit for qualified candidate, further detailed terms will be negotiable. Please send resumé confidntially to Messrs. ORGANA GmbH & Co., 2 Hamburg 76, Hans-Henny-Jahnn-Weg 41-45, West Germany.

The P-E Consulting Group Appointments Division
1 Albemarle Street, London W1X 3HF Tel: 01-499 1948 PE

Group Financial Controller

Surrey

P-E is a long-established successful and expanding international management consultancy. We are seeking an experienced Chartered Accountant for the post of Financial Controller reporting to the Chief Executive and based on our Group Headquarters at Egham.

The successful candidate will have experience of controlling the financial and management accounting functions, preferably in a service company. An outgoing personality and the ability to contribute to policy formation are other important qualities; knowledge of tax, company law and secretarial practice would all be helpful.

We would be particularly interested in hearing from candidates who have had substantial management consulting experience and who could therefore from time to time also become involved in our financial consulting practice.

An attractive five figure remuneration package will be negotiated reflecting both the importance of the position and the past achievements of the candidate appointed. There are good career prospects and scope for progression within P-E.

Male and female applicants are invited to write in confidence to Mark Lomas, or telephone (24 hour answering service) for a personal history form quoting reference L/157/7.

LOUGHBOROUGH UNIVERSITY OF TECHNOLOGY

MIDLAND BANK RESEARCH FELLOWSHIP

Applications are invited for a Midland Bank Research Fellowship tenable in the Department of Management Studies of the University. Starting salary for this three year post will be within the scale £4,232-£7,145 per annum.

Applicants should possess a relevant degree and/or professional qualification, preferably with economics and/or corporate finance experience. The person appointed will be mainly involved in research projects on aspects of bank management policy and operations.

Requests for further details and application form to Paul Johnson, Establishment Officer, ref. 79/25 MS.

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You will play a major role in the continued success of the Group and must possess a thorough knowledge of the UK motor industry. Aged around 40, you should already have acquired general management experience in a profit conscious environment and be keen to assume wider responsibilities.

A salary well into five figures will be negotiated and the company will provide full relocation assistance, a company car and BUPA insurance as part of the generous benefits package.

If your future lies in general management at the highest level within the motor industry then contact Graham Morgan, ACA quoting Reference 2431.

Lloyd Chapman Associates
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Age 24-27 **c. £7500**

A world-renowned International Bank with a substantial presence in London seeks to appoint an ambitious and capable young Banker to fulfil an important role in the development of the Bank's audit function. The job entails working in close liaison with the Chief Auditor, conducting extensive procedural and systems audits, and developing new accounting methods.

The successful Candidate will possess a minmum of four years international banking experience, and a knowledge of computer-based accounting. Previous auditing experience, whilst preferred, is not essential. Career prospects are excellent in a rapidly-expanding bank, and the fringe benefit package is extensive.

Please contact, in strict confidence, Mark Stevens.

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Candidates should be qualified accountants, probably in their twenties or early thirties with experience of computerised manufacturing accounting systems, sufficient to justify their joining a small head office financial team whilst holding specific responsibility for the accounting aspects of one or more of the subsidiaries. A second language would be a distinct advantage.

Tax Assistant - £7,000 plus

To join a major British insurance Company with numerous subsidiary and associate companies both in the UK and overseas.

Candidates should be recently qualified or part-qualified accountants aged up to 30 with at least two years corporate and personal tax experience gained within a professional firm, industry or commerce. Some experience of corporate tax as it affects companies doing life assurance business is not essential but would be a distinct advantage.

The above appointments are London based and offer excellent opportunities to extend both existing professional experience and to broaden future career opportunities.

For further particulars write or telephone:-
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Telephone: 01-836 1707 (24 hr. service) quoting ref: 0929/FT. Reed Executive Selection Limited, 55-56 St. Martin's Lane, London WC2N 4EA.

The above vacancy is open to both male and female candidates.

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To be responsible for our London Foreign Exchange dealing.

Applications in writing with full curriculum vitae to:
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Senior clerical opening for experienced person in expanding documentary credits department of international bank. Attractive salary and fringe benefits according to age and experience.

Telephone Jack Shebson
01-629 1205

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West End, London
circa £7500

Due to expansion of our diverse operations in the catering field we wish to appoint a qualified Management Accountant.

As part of a young team and reporting directly to the Divisional Chief Accountant you will be responsible for the production of management and statutory information and ensuring the smooth running of a number of departments including sales and bought ledger, wages and cash control, stock taking and auditing.

You must have had some commercial experience coupled with the ability to motivate staff. A knowledge of integrated computer accounting would be an advantage, but is not essential.

Please apply with full curriculum vitae to Box A.6809, Financial Times, 10, Cannon Street, EC4P 4BY.

AUTHORISED DEALER

Partner member firm requires Authorised Dealer. The position offered is interesting and would appeal to a forward-looking person.

Good salary and prospects.

Please telephone on private line
01-508 7495
Strictest confidence observed

SITA

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seeks for its Paris Head Office

junior accountant

The successful candidate should be:

- capable of assuming responsibilities in the domain of accounting and management control;
- a newly qualified Chartered Accountant,
- bilingual English/French,
- prepared to travel abroad and, following proper training to be stationed outside France

Knowledge of Data Processing applications would be appreciated.

Please write giving full career details to:
Director of Personnel - SITA
112, avenue Charles de Gaulle, 92522 Neuilly-sur-Seine
France

Financial Manager

Greenford, N W London
£10,000-£13,000 pa - Company Car

A newly formed Company specialising in the production of high quality confectionery wishes to appoint a Financial Manager to provide the expertise necessary in the formulation of Company policies in all financial matters.

Educated to degree level, you will be a fully qualified accountant, preferably chartered. Considerable experience in an industrial environment, preferably food, is required. The ability to undertake ad hoc feasibility projects is essential.

Reporting directly to the Managing Director the successful applicant will be crucial in the establishment and development of this Company.

For further information contact John Hooper.
PER, 4/5 Grosvenor Place, London SW1X 7SB.
(01) 235 7030 Ext 232.
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A major UK stockbroking firm has a vacancy for an experienced international dealer in its Overseas Department. Candidates, either male or female, should have a proven record of at least three years' experience of dealing in the North American and Far East stock markets and have good contacts in those areas.

Salary and other benefits will be commensurate with age and experience and be fully competitive.

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J. Henry Schroder Wagg & Co. Limited are looking for an experienced analyst to join its established Research Department. The successful candidate will assume responsibility for research in a specialist area within a short time. Career prospects within the Schroder Group are excellent.

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Applications in writing, with full curriculum vitae, should be made to:

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120 Cheapside
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SCHRODERS

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Indicating the names of any Companies to whom you do not wish your reply to be sent. If the list includes the Company involved, your application will be destroyed.

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The Institute is looking for a person to take responsibility for administration and information services to support its research, training and advisory programmes.

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The salary will be in accordance with the Lecturer scale of the University of London (currently £4,332-£8,482 plus London weighting £502). As this is a new post, the starting point will be determined in discussion with the successful candidate in the light of his or her qualifications and experience and the scope of the role which they make possible.

Application forms and further particulars from

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BELSIZE LANE, NW3 5BA
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LOMBARD

A £150m idea on the boil

BY DAVID FISHLOCK

THERE COMES a time for every invention of real promise when a clear decision is needed of where and how the big money should be put into development. Unfortunately inventors themselves and their enthusiastic acolytes often confuse the issue to a point where the opportunity and hence the initiative may be lost.

They confuse it simply by offering too many alternative proposals for absorbing development cash. They greet any attempt to focus on one line of development with cries of "but what about . . .?" or "don't forget . . ." or "if we just wait a bit longer . . ." until even patrons steeled in principle to put up the cash begin to doubt whether they can be backing the right horse.

Vulnerable

Energy technology, with its ferocious development costs, protracted lead-times and highly political overtones, is especially vulnerable to this kind of confusion. None perhaps is more vulnerable in Britain right now than fluidised bed combustion of coal. This is a new way of burning coal in which the fuel is thrown into a seething mass of hot sand and kept "a-boil" like a liquid by blowing air through it.

Fluidised bed combustion is a British idea, pioneered by the electricity supply industry and then taken up by the National Coal Board. It is neat in the way it can clean up its own messes.

For the future, fluidised bed combustion seems to offer real opportunities for squeezing a few per cent more efficiency out of electricity generating plant. But anyone who thinks that the technology is ready for such a step might do well to reflect on the fact that Britain's biggest demonstration—at the Renfrew works of Babcock and Wilcox—is shut down partly because the employees complained that the plant was showering their cars with coal-dust.

Nevertheless, the engineers believe they have reached a point in the development of fluidised bed combustion where the next step must be to work on a large electricity producing demonstration somewhere in Britain. Their case is that even if the technology is not urgently needed in Britain itself, because the nation is satisfied that the tall-stack policy of the electricity supply industry for dispersing fumes causes no harm, it is required elsewhere in a world growing daily more interested in burning coal cleanly. But if Britain is to capitalise on a technology in which the world's big engineering companies are also taking increasing interest, it must be prepared to demonstrate it first at home.

This is certainly the thinking of two big British engineering groups Babcock Contractors and British Petroleum, which have combined forces in a new group, Fluidised Combustion Contractors, to develop and market the technology. But even groups of this size and profitability find the prospect of investing up to £150m in a power-generating demonstration a trifle daunting.

This is the current estimate of the cost of building a "mid-merit" power station based on pressurised fluidised bed combustion—the most advanced and potentially most efficient form—capable of fume-free operation.

Fluidised Combustion Contractors have been looking to the government to underwrite the cost of a national demonstration, tied into the electricity supply system. This is because the electricity supply industry itself has refused so far to provide support beyond offering a site.

Ironically, the manufacturers themselves are handicapped by an image energetically promoted by some enthusiastic advocates of fluidised bed combustion. This is that the technology is essentially a small-scale one destined for commercial and factory boilers, for agricultural operations, even for locomotives, and not one for electricity production at all.

Get together

But none of these small-scale applications seems to be selling, at home or abroad. Meanwhile marketing efforts are rapidly dispersing the hard-won experience of Britain's research centres. It looks increasingly as though Britain's small-scale applications are going to sell, if at all, only in the wake of a bold—and expensive—demonstration of the full potential of fluidised bed technology. Industry—the publicly-owned electricity industry and the highly profitable private manufacturing groups behind Fluidised Combustion Contractors—must now get together with government to find some new way of sharing a £150m risk.

How 'negligent' is negligence in the air

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

WHOEVER TAKES the trouble to read the small print on his airline ticket will know that if he travels from one country to another the airline's liability for death or injury is severely limited by the Warsaw Convention—to about $20,000 for loss of life in Europe and $75,000 if the journey started, ended or had a stop-over in the U.S. A similar limitation applies to the liability of the air carrier in the case of freight. There the limit of damages was set at 250 gold francs per kilogram, now about U.S.$125.

These limitations are not absolute. They do not apply if it can be proved that death, injury or material loss were caused by an intentional or reckless act of the air company or its employees. Article 25 of the Warsaw convention speaks of actions or omissions committed either with the intention to cause damage or "recklessly and in the knowledge that it will probably lead to a damage." Moreover, it has to be proved that the servants or agents of the airline acted within the framework of their duties.

The Warsaw Convention does not apply to the recent DC-10 disaster at Chicago, because the flight was not an international one. But it is interesting to look at it in the light of the provisions of that convention. Some reports suggest that the crash was caused by faulty servicing. Should that be borne out, it may have been a case of negligence alone. For unlimited liability to apply under the Warsaw Convention in a similar case it would have to be proved that those servicing the aircraft were aware of the fault and of its possible consequences, and that they knew that a disaster was probable.

The borderline between gross negligence and recklessness can be difficult to determine in a particular case. The Bundesgerichthof (BGH), the German Supreme Court of Appeal, has done some interesting work on this problem in its recent judgment (I ZR 97/77) which went against Iberia, the Spanish airline, and in favour of 45 German, French and Dutch insurance companies. The dispute concerned the loss of two parcels containing bank notes sent from the Canary Islands to Frankfurt and Stockholm.

Transportation of the two parcels was properly agreed between a bank in Las Palmas and the airline. The latter issued an air freight bill, but the actual handling of the two parcels deviated from the airline's own routine for such shipments. Contrary to the airline's internal rules the parcels were not stored in the freight space of the Boeing 747 but were handed over to the chief stewardess. The stewardess neither issued a receipt for the parcels, nor informed the captain whose approval she was supposed to obtain in such a case. Instead, she put the two parcels in a cupboard adjoining the staircase to the upper, first class cabin. She left the cupboard unlocked and forgot all about them.

In the meantime, the Las Palmas office of Iberia sent a telex to the airline's freight department in Madrid, advising it of the despatch of two parcels containing bank notes and stating that they had been handed to the chief stewardess. The Madrid official in charge of the freight department was asked in the telex message to make the necessary arrangements for one of the parcels to be sent to Frankfurt and the other to Stockholm.

He was very busy and failed to warn the police or to make other security arrangements. In fact he did not tell anyone that the parcels were expected. The police made a routine search of the aircraft after the passengers disembarked but did not notice any parcels—and were not really looking for them. The loss of the parcels was discovered only when the customs officials checked the freight against the freight list received from the airline.

The Las Palmas bank received compensation from the insurers and passed on to them its claim against the airline for U.S.$ 144,340. The 45 insurance companies which underwrote the policy brought an action against the airline in the regional court in Frankfurt. The airline maintained that under Article 22 of the Warsaw Convention its liability was limited to $125 per kilogram of freight. The insurance companies, however, argued that the limitation did not apply because the servants of the airline acted recklessly and that the airline therefore had to pay up in full.

The regional court in Frankfurt found against the airline. The airline appealed but fared no better in the Frankfurt Appeal Court. Iberia went to the BGH. It upheld the decisions of the two lower courts, but its reasoning differed significantly from that of the Appeal Court.

The difficulty facing the courts was the double requirement of Article 25 of the Warsaw Convention. To make the airline fully liable it is not enough to prove recklessness: it is also necessary to show that those who acted recklessly realised that loss or damage was more likely to happen than not. The Frankfurt Appeal Court solved this difficulty by ruling that the notion of recklessness includes a certain assumption that those who acted recklessly were aware of the probability that their action will cause damage.

The BGH did not agree. Recklessness, it said, does not imply that damage was believed to be the probable consequence. The courts have to consider all the circumstances of the reckless behaviour before they can conclude that those who were guilty of it also believed that the damage was more probable than not.

However, the BGH said that the conclusion reached by the Appeal Court, though on a wrong legal premise, was sound. The circumstances of the case indicated that the chief stewardess must have known that her action would probably lead to the loss of the parcels. She accepted the parcels in contravention of airline rules, though she knew what they contained. She put them in a place which was quite unsuitable; she did not look after the parcels, and took no steps to ensure their delivery after landing in Madrid. "Anyone, knowing that the fate of the goods depended mainly on him and his further actions, behaving as the stewardess did, must know that loss or damage is a probable consequence," the Karlsruhe judges said.

The judgment can be seen as an attempt to throw some light on the most intricate problem faced by the Hague Conference when revising the Warsaw Convention in 1955. Airlines did not want to accept unlimited liability except in cases where the damage was caused intentionally. In the end the conference adopted a compromise, requiring the expectation of damage to establish full liability.

The German delegation interpreted the new text to mean that the airline would have unlimited liability whenever there was a case of gross negligence knowingly committed. The Hague text was meant to reduce the restrictions on the air carriers' liability. It was designed to take the issue out of the sphere of national laws and to provide independently defined rules.

However, the present case shows that this aim was not achieved. It is still up to the national courts to use their own ingenuity when classifying behaviour as grossly negligent, reckless, or wilful. It is up to the trial judge to say whether a person who had acted recklessly also knew that damage was probable, or whether it was reasonable to expect all to end well.

Schweppeshire Lad can make the most of fast conditions

RACING

BY DOMINIC WIGAN

SCHWEPPESHIRE LAD can spring back into the limelight in today's Cork and Orrery Stakes at Royal Ascot on the fast ground he likes.

Newmarket's most consistent juvenile last season, with six victories and a second in seven outings, he has done little in his two races this term. In neither of his races—the Palace House Stakes and the Temple Stakes—did he find the conditions he needs.

In the Newmarket event, he was asked to race in yielding conditions: while at Sandown the ground was even softer.

If Schweppeshire Lad, winner of the Norfolk Stakes on the same card last year, can find his best form, he should outpace Vincent O'Brien's Thatching, which also disappointed in the Temple Stakes.

Although Runnett was a well-beaten third in Tuesday's Coventry Stakes, I think the William Hastings three-year-old will be the one to beat in the Norfolk.

Now looking a totally different proposition to the colt who followed up his Newmarket win with a facile York success over Stormont, Runnett can lead from start to finish. Of the others I have most regard for the Daniel Wildenstein-owned Why Not.

Steadied after a flyer in Epsom's Woodcote Stakes on Derby day, the Henry Cecil-trained colt was eased back into the lead approaching the distance. From that point he was never in danger and won more comfortably than the 1½-lengths margin might suggest.

Whatever their fate with Why Not, Cecil and stable jockey Joe Mercer look set to land at least one event on this the third day of a meeting which may prove to be a bonanza for them. Buckskin stands out sharply against his Gold Cup rivals; while War Legend appears to be a worthy favourite for the King George V Stakes.

In the belief that Ela-Mana-Mou not only failed to act on the course at Epsom but would have preferred faster conditions, I intend giving him another chance in the King Edward VII Stakes. Here the Derby selection Hardgreen should be the one to bustle him up.

ROYAL ASCOT

2.30—Schweppeshire Lad*
3.05—Runnett***
3.45—Buckskin
4.20—Ela-Mana-Mou
4.55—Star Way**
5.30—War Legend

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.41 For Schools, Colleges. 1.15 pm News. 1.30 Mr. Benn and the Magic Carpet. 2.00 You and Me. 2.15 Tennis: The Colgate Women's International Quarter-finals. 3.45 Racing from Ascot. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 Scooby Doo. 5.05 Blue Peter
5.35 Fred Basset.
5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 Tomorrow's World.
7.25 Top of the Pops.
8.05 Wildlife on One.
8.30 Rosie.
9.00 News.
9.25 The Deep Concern.
10.15 Pig Earth: "Omnibus" presents John Berger's stories about peasant life.
11.05 Tonight.
11.45 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Scotland—5.55-6.20 pm Reporting Scotland. 11.45 News and Weather for Scotland.

Wales—5.55-6.20 pm Wales Today. 7.00-7.25 Heddiw. 11.45 News and Weather for Wales.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South-West (Plymouth).

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
2.00 pm Royal Ascot.
4.35 Tennis: The Colgate Women's International Quarter-finals.
4.30 Open University.
6.53 Open Door.
7.25 Mid-evening News.
7.35 Beside the Sea.
8.00 Newsweek. Pay: Next Time Round.
8.35 The Paper Chase.
†9.25 Midweek Cinema: "The Tarnished Angels," starring Rock Hudson.
10.55 Tennis: Colgate Women's International (highlights).
11.35 Late News.
11.50 Fox Watch.

LONDON

9.30 am Schools Programmes. 12.00 Gideon. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Money-Go-Round. 2.25 Sister Dora. 3.20 Sounds of Britain. 3.50 Quick on the Draw. 4.20 Project UFO. 5.15 Gambit.
5.45 News.
6.00 Thames at 6.
6.25 Help!
6.35 Crossroads.
7.00 Salvage—1.
8.00 You're Only Young Twice.
8.30 TV Eye.
9.00 Hazell.
10.00 News.
10.30 Thames Report: "The London Olympics."
11.00 Lou Grant.
12.00 What the Papers Say.
12.15 am Close: Personal Choice with Leo Aylen.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 4.20 The Next Week Show. 4.45 The Beachcombers. 5.15 Emmerdale Farm. 6.00 About Anglia. 6.20 Arena. 7.00 Survival. 7.30 Thundercloud. 10.30 Snooker. 11.00 Thursday Movie: "Short Cut To Hell." 12.35 am The Living Word.

ATV

1.20 pm ATV Newsdesk. 4.20 Jonny Quest. 4.50 Sierra. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 Thundercloud. 10.30 Format V. 11.00 Cinema Showcase: "Where Does It Hurt?"

BORDER

1.20 pm Border News. 2.00 Houseparty. 4.20 The Life and Times of Grizzly Adams. 5.15 The Lincolnshire Show. 6.00 Lookaround Thursday. 7.00 Emmerdale Farm. 7.30 Thundercloud. 10.30 Thingummyjig 11.00 SWAT. 12.00 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where. 5.15 Gambit. 6.00 Channel News. 6.10 The Beatles. 7.00 Chips. 10.28 Channel Late News. 10.32 Chopper Squad. 11.20 Movie Premiere: McMillan. 12.40 am News, Weather in French.

GRAMPIAN

9.20 am First Thing. 1.20 pm Grampian News Headlines. 4.20 Little House on the Prairie. 5.15 Bailey's Bird. 6.00 Grampian Today. 7.00 Police Newsroom. 7.05 Fantasy Island. 10.30 The Masterbuilders. 11.00 Reflections 11.05 The New Avengers. 12.00 Grampian Late Night Headlines.

GRANADA

1.20 pm Cartoon. 5.10 The Undersea Adventures of Captain Nemo. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 The Girl with Something Extra. 7.30 Thundercloud. 10.30 What's On. 11.00 What the Papers Say. 11.20 Dan August.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 4.20 Little House on the Prairie. 5.15 Jobline Newsdesk. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Fantasy Island. 7.30 Thundercloud. 10.35 Festival '79. 11.35 Sidestreet.

HTV Cymru Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion Y Dydd. 4.20 The Doombolt Chase. 4.50-5.20 Seren Wib. 6.00-6.15 Y Dydd. 10.35-11.35 Casino de Paris.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 4.20 The Roll Harris Show. 4.50 Red Gauntlet. 5.15 Popeye. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Garnock Way. 7.00 What's On Next. 7.30 Thundercloud. 10.30 About Gaelic. 11.00 The Jazz Series. 11.30 Late Call. 11.35 Emergency.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 4.20 Project UFO. 5.15 Melodoons. 5.20 Crossroads. 6.00 Day By Day. 6.30 University Challenge. 7.00 Emmerdale Farm. 7.30 Thundercloud. 10.30 Southern News Extra. 10.35 People Rule! 11.20 The New Avengers. 12.15 am What the Papers Say.

TYNE TEES

9.25 am The Good Word, followed by North-East News Headlines. 1.20 pm North-East News and Lookaround. 4.20 Beachcombers. 4.45 The Little House on the Prairie. 6.00 Northern Life. 7.00 Emmerdale Farm. 7.30 Thundercloud. 10.30 Double Top. 11.05 Canadian Playhouse. 12.05 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.18 Ulster News Headlines. 4.20 Dynomutt the Dog Wonder. 4.50 Bailey's Bird. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.20 Police Six. 6.30 Oh No, It's Selwyn Froggitt. 7.00 Emmerdale Farm. 7.30 Thundercloud. 10.30 In Search of . . . Killer Bees. 11.00 Thursday Night. 11.05 Barnaby Jones. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Gambit. 6.00 Westward Diary. 7.00 Chips. 10.32 Westward Late News. 10.35 Lifespan. 1.05 Politics West. 11.20 Movie Premiere: McMillan. 12.40 am Faith for Life. 12.45 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 4.20 Premiere for Elizabeth. 5.15 The Lincolnshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Thundercloud. 10.30 Pro-Celebrity Darts. 11.00 Fantasy Island. 11.55 Police Surgeon.

Radio Wavelengths

1 1053kHz/285m 1089kHz/275m	3 1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2 693kHz/433m 909kHz/330m & 88-91vhf stereo	4 1215kHz/247m & 90-92.5vhf stereo	Capital Radio: 1548kHz, 194m & 95.8vhf
		London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Paul Gambaccini. 7.00 Talkabout. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Derek Hobson (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.03 Gold Cup Special (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 Country Club (S). 9.02 Folkweave (S). 9.55 Sports Desk. 10.02 Thank You, Mrs. Fothergill. 10.30 Star Sound Extra. 11.02 Brian Matthew with Round Midnight including 12.00 News and 12.05 am Sports Desk. 2.02-5.00 am You and the Night and the Music with Sheila Tracy (S).

RADIO 3

†6.55 am Weather. 7.00 News. 7.05 Overture, part 1 (S). 8.00 News. 8.05 Overture, part 2 (S). 9.00 News. 9.05 This Week's Composer: Milhaud (S). 10.05 Cardiff University Recital, part 1 (S). 10.55 Interval Reading. 11.00 Recital, part 2. 11.25 English Choral Music (S). 12.00 The Great C Major by Schubert (S). 1.00 News. 1.05 Bristol Lunchtime Concert (S). 2.00 "La Fida Ninfa," Opera in three acts by Vivaldi, Acts 1 and 2 (S). 3.25 Interval Reading. 3.30 "La Fida Ninfa," Act 3. 4.15 Harpsichord recital (S). 5.25 Homeward Bound (S). †5.45 News. †5.50 Homeward Bound. †6.15 At Home. 7.10 A Musical Ramble (S). 7.30 Musica Antiqua of Cologne (S). 7.45 "The Jail Diary of Albie Sachs," by David Edgar (S). 9.15 Maurizio Pollini piano recital (S). 9.30 The Lovely Years compiled and presented by Martin Esslin. 10.00 Rozhdestvensky and the BBC SO (S). 11.15 What the Papers Said after the relief of Lucknow in 1857. 11.25 A Time and a Place. 11.55-12.00 News.

VHF only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Midweek with Desmond Wilcox. 10.00 News. 10.05 Checkpoint. 10.30 Daily Service. 10.45 Morning Story. 11.00 Analysis. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Preview on Radio 4 UK. 3.10 Questions to the Prime Minister. 3.35 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Brain of Britain 1979 (S). 7.00 News. 7.05 The Archers. 7.20 "Aida," opera in four acts by Verdi (S). 10.00 The World Tonight. 10.30 Any Answers? 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Soul '79. 10.03 Late Night London. 12.00 As Radio 2. 12.05 am Question Time. From 1.05 am Join Radio 2.

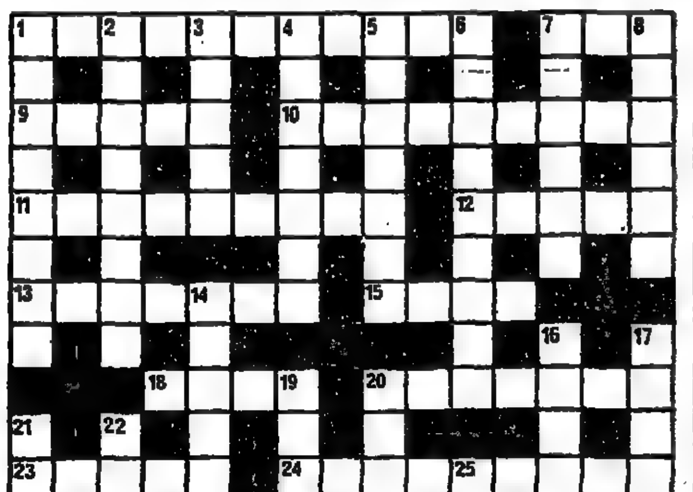
London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes. 1.00-8.00 pm LBC Reports with George Gale at 3.00. 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Mike Allen (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,001



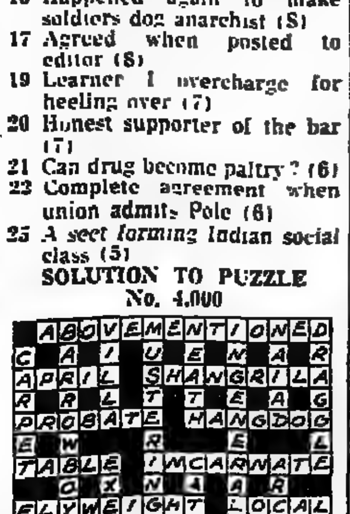
ACROSS

1 Smuggling footwear and what goes over it (11)
7 and 28 Vehicle takes weight from box (6)
9 Speak in the extreme (5)
10 Engineers paid up and found new accommodation (9)
11 Part of tail going to bow (9)
12 Direction to follow around track (5)
13 Newspaper article one may have to face (7)
15 Steal from eastern garment (4)
18 I'd nothing left for object of worship (4)
20 To be more economical is no good (7)
23 Near the centre in certain nerves (5)
24 Medically narrowing criticism (9)
26 Making Peter sing could be annoying (9)
27 Mackerel bait (5)
28 see 7 Across
29 Giddy blonde? (11)

DOWN

1 Sweep away a rebuff (5-3)
2 Burst forth in disturbance (8)
3 Great regal upset (5)
4 Fish to catch with head of eel? Rubbish! (7)
5 Underwriter in certain rates initially (7)
6 Acquire a piece of furniture that's accessible (3-2-4)
7 Seize a joint of rolled meat (6)
8 Coarse screen puzzle (6)
14 Protect motor vehicle by the authority of official stamp (9)
16 Happened again to make soldiers dog anarchist (8)
17 Agreed when posted to editor (8)
19 Learner I overcharge for heeling over (7)
20 Honest supporter of the bar (7)
21 Can drug become paltry? (6)
22 Complete agreement when union admits Pole (6)
25 A sect forming Indian social class (5)

SOLUTION TO PUZZLE No. 4,000



THE ARTS

cord Review

Pollini, Barenboim, Katchen

by DOMINIC GILL

k: Piano concertos nos. 1 2. Maurizio Pollini, cago SO/Abbado. DG 2530 (£5.06)

ann: Carnaval op. 9; chingsschwank aus Wien 26. Daniel Barenboim. 2531 090 (£5.06)

ns: Piano Works. Vols. 1-8. us Katchen. Decca Ace of monds SDD 532-539 99)

ns: Piano trios 1-3; Violin atas 1-3; Cello sonata no. F. Julius Katchen, Josef , Janos Starker. Decca Ace Diamonds SDD 540-542 99)

ely a month has gone by season without a distin- d new record from i. None has been a dis- tment, each one indeed a of rare and enduring y. This latest issue is no ion: Pollini's perform- of the first and second concertos with the o Symphony under lo do not merely become he best versions of the tos to be found in the gue (competition is hardly), but are far and away est ever to appear. ll useful critical purposes, re flawless. That is not an ive I use freely: but none is apt, since neither per- nce contains the smallest cant failure. No lapse of que, naturally; but no g weakness either of or execution. I did, twice, yself wishing that Pollini eld a certain grace-note a second longer at each of pearances; but the matter entirely personal, and his arguably the more stylish. are performances of monu- l authority, not a whit nical or frozen, but of l frightening perfection. the first side, there sur- only one other, irreverent quickly suppressed: might ear just one reassuring h on the second side? opening movement of the concerto is scrupulously precise, detached—soloist chestra a single organism, g and twisting as one, but part distinct, effortlessly free. The austere andante, with all its echoes of the piano sonata, emerges wonderfully simple, exact, unlaboured; the finale soars suddenly into the strato- sphere, seamless, glittering. In the second concerto, Pollini holds a knife-sharp balance between fierceness and tender lyricism; in the adagio, Abbado spins a magical *non vibrato* web of night-music from the Chicago strings; there is breathless energy everywhere, neither con- strained nor overblown, in the finale. The DG sound-quality, and generally the balance and colouring of the recording, could not be bettered. In the second concerto only, DG pay for squeezing more than 27 minutes of music on to a single side with one or two substantial pre- echoes.

Barenboim too has been un- usually busy with new record- ings, in both of his roles as *conductor* and *pianist*. The results have perhaps been more uneven than Pollini's—but the temperaments are different: Barenboim's the more natural, generous, impulsive, the imper- fections of his playing no more than an acceptable part of the mould, which seems *cut from* living tissue, not tempered steel. This is his second Schumann recital to appear in the space of a *few* weeks; and its hallmarks, like those of his op. 17 Fantasy which I reviewed here last month, are innocent lyricism, delicacy and spon- taneity.

Eusebius is the chief character of his *Carnaval*, and the most keenly drawn—in the intimacy and heart-searching of the "Valse noble," in the wist- ful turn of the "Lettres dan- santes," even in the *detaché* presto of "Pantalon et Colom- bine," tremulously glittering. His Florestan is passionate enough, and full-blooded, but even at the height of excitement suffused with a vein of Eusebian melancholy: the approach is controversial perhaps, but powerfully original and convinc- ing. Barenboim finds the thread of quietness and melancholy too in Schumann's other carnival: a thoughtful, smoothly-flowing *Faschingsschwank*, all alarms and passions spent—though their resonance remains, subtly hinted. Intriguing perform- ances, for their special insights warmly recommended.

Those who have regretted the long absence from the catalogue of the eight records of Brahm's complete piano works which Julius Katchen recorded in 1964-65 will wel- come Decca's decision to re- issue the whole set at bargain price on Ace of Diamonds. The first six (SDD 532-537) are available already, and the last two are due next month. Katchen was a persuasive Brahmsian, firm but forthright, quick in his poetic sympathies, scrupulous in his working. The virtues of his op.118 pieces, in the first Volume, are re- flected throughout the set: strong, unmannered interpreta- tions, shaped with care and tenderness — *always* reliable, and at their frequent best, of great distinction. The sound- quality *is* inevitably somewhat dated, and especially by modern standards a little dis- tant; but that's no real draw- back, for the ear quickly adjusts.

Decca have also taken the opportunity to reissue at the same time the three Brahms piano trios, the three violin sonatas, and the F major cello sonata which Katchen recorded in the Snape Maltings during the late 1960s and early 1970s with Josef Suk and Janos Starker. The performances are all of them exceptional, robust, stylish and eloquent: reminders that but for Katchen' untimely death this ensemble would surely have gone on to estab- lish itself in the first rank of piano trios. The sound quality is notably better than that of the earlier piano solos, close and warm—though some may find the stereo separation fashionable in those days a little wide.

Olivier

Undiscovered Country by B. A. YOUNG

No one sees the weaknesses of romance so piercingly as Schnitzler. The flirtations in which his plays proliferate are not pretty caprices; they are affairs in which one side at least is totally committed, usually with sorry results. In *Undis- covered Country (Das weite Land)* Friedrich Hofreiter and his wife Genia are both romantically indulgent, and both regard their infidelities as trivial matters that will be over when they have grown tired of them. What happens instead is that Genia's lover is killed, Friedrich is disgraced and his mistress left broken-hearted, and Genia has to face society with her foundations in ruins.

The story is a complex one, made more complex by Schnitzler's insertion of a good deal of decorative action that is not strictly necessary. Fried- rich's seduction of Erna Wahl has to take place at the summit of the Aignerturm in the Dolomites so that we can have a scene in Dr. von Aigner's hotel that has little other bear- ing on the story; and at a lower level there are numerous inter- polated scenes of charm but no consequence. It is not easy to know by interval time, that is to say after the first three acts, exactly which way the plot is headed.

Patience and attention are rewarded in the final two acts, when the signposts through the maze are uncovered. A gossip column has virtually accused Friedrich of killing a younger pianist in a duel because he has been having an affaire with Genia. Whether he did or not is never disclosed; but when Genia's subsequent affair with a young officer, Otto von Aigner, is shoved under his nose, Friedrich challenges him and shoots him in a duel about which there is no mistake.

Emma Piper, Dorothy Tutin, John Wood and Sara Kestelman

Schnitzler's point, as usual, is that all this social play is not play at all. Both Friedrich and Genia tell their lovers how *unimportant the associations* are, and in both cases the lovers come to disaster which the principals are more or less untouched.

John Wood's Friedrich is wonderfully heartless, a man serious about nothing, trying hard to be young after his youth has departed. *People like him*, he is always fun. When he challenges Otto, he does so at a tennis party with his face in a towel. There is a terrible scene where Otto's mother, unaware that her son is lying dead, calls on him, and he greets her with undiminished gaiety. Melodramatic scenes like this, reserved for the later parts of the play, are a fine corrective to the morals of the earlier scenes.

There is nothing so evidently heartless about Genia; Dorothy Tutin is a smart society hostess full of charm (and ravishingly dressed by David Walker). *When she casts off her Otto*, she does it with a show of emotion, as doubtless she did with the pianist before the play begins. Erna, Friedrich's young mistress, is not emotional at all; Emma Piper is a sturdy girl and she maintains her ever- lasting love as simply as she would maintain her belief in geometry. Otto too (Michael Byrne) is undemonstrative; Austrian officers have mistresses and fight duels and do not make a fuss about it. Joyce Redman as his actress mother would no doubt have received the news of her son's death with equal good manners if Friedrich *had been more straightforward*.

Sara Kestelman plays Erna's mother, and Adam Norton her young brother. (He has a child- ren's story to tell that might have come from Saki.) There is a nice performance by Michael Bryant as Otto's father, divorced from his mother and managing a hotel where he seduces the staff. The director is Peter Wood, for whom William Dudley has devised one of those skeleton sets that Gerhard Klingenberg used for Schnitzler at the Burgtheater, only this one moves around a bit.

Festival Hall

Berlin Philharmonic

by DOMINIC GILL

The South Bank afutter, gap- ing crowds at the artists' entrance, stall seats at £20 each, ticket-touts hunting in packs—a visit from Karajan and the Ber- lin Philharmonic these days is as much wagon as band. The concert itself, the first of two given by the Berliners this week, and recorded for broadcast sig- nificantly not by the BBC but by Capital Radio, offered barely one hour and 10 minutes of music: short measure, or proud evi- dence that a diamond's glitter depends on its cut, not its size?

The last answer is no doubt the correct one: even if dia- monds, sad to confess, are not my favourite precious stones. There was a thrill of recogni- tion none the less, as the orches- tra move into gear under Kara- jan like a beautifully oiled machine; and of admiration, for a standard of excellence, and smooth, finely-knit working, rarely heard from any British ensemble today. But the gears are not all of the music. Kara- jan's first piece was Beethoven's triple concerto—good to hear occasionally, though it may be first-rate stuff, but second-rate Beethoven. The three young soloists, the 16-year-old violinist Anne-Sophie Mutter from Germany, the Franco- Chinese cellist Yo Yo Ma, and *the brilliant Soviet pianist* Mark Zeltser, threw themselves into the score with vivacious heart; and time and again found them- selves set against that towering wall of Karajan's accompani- ment, smooth, dapper and dry.

Karajan is a conductor who has elevated exquisitely-tailored grooming into an art form: the king of musical dandies. In his hands, deep rubies turn to diamonds, cotton to silk. The sonority, the marvellous veneer of sound, he drew from his players in Strauss's *Also sprach Zarathustra* was unfailingly impressive: the string tone with its depth, weight and variety of dynamic modulation especially —why do the string sections of British orchestras so often sound by comparison as if they are playing toy instruments with ruined bows?

Every crease was pressed, and pocket buttoned—no accident indeed that in this orchestra even the third flute is a Pro- fessor Doktor. The enviable lushness of the sound apart, however, it was not a specially remarkable reading. Even those who actually like the music, and can never hear enough of Richard Strauss, will have been struck by the performance's chilly elegance, paragraph joined to paragraph with sumptuous efficiency. It blew along with a powerful and persuasive breeze; but there was little all the same of perfume, or magic, in the air.

*

The second concert by the Berlin Philharmonic, on Tues- day, was given over to Bruckner's Eighth—a work that orchestras lesser than the Berlin Philharmonic and conductors lesser than Herbert von Karajan often precede with other music to provide a concert of full measure. The experience of Karajan's Bruckner is difficult to have to describe. Difficult, certainly, in the face of audience enthusiasm still unabated when I left the hall (and with the sound of its generous cheering still ringing in my ears): diffi- cult to believe that anything quite so magnificently played could be so unmoving.

One could hymn the glories of the brass choirs in full voice, the deep radiance of the first violins in the Adagio (the sound of the first low A flat was like a stretch of aural velvet), the succulence of the winds. One could remark on the strange inertia of Karajan's rhythms, on *marches* that don't march, scherzos that don't gather energy, long passages in the Finale apparently becalmed and disconnected meaninglessly sweet sounds. One could even note that the very start of the symphony had been slightly sluggish, and that the full orchestral resonance took time to make itself manifest. All this is comment in—and about —a vacuum; for the symphony is *about* something, and can become a sublime experience when the conductor reveals its content, whereas this perform- ance seemed to be about nothing other than itself.

MAX LOPPERT

Soho Poly/ICA

Lunchtime theatre

When lunchtime theatre started up about ten years ago, it answered a definite need on the part of young dramatists to say brave things loudly in a small room. Too often nowadays, we are served up re-heated radio scripts, unambitious duo- logues and push-button soci- ology.

The Soho Poly, of course, has long been the best lunchtime venue and Barrie Keeffe's brilliant new one-acter, *Sus*, apart from its intrinsic merits, belongs completely to its theatre, could not be moved. Michelene Wandor's *Correspond- ence* at the ICA, on the other hand, despite the odd felicitous phrase and its feminist heart, is sloppily presented on an in- appropriate lush carpet (belong- ing to the evening show), surrounded by dull brown drapes and acted without con- viction.

Sus is topical all right. Only yesterday, a Home Office report expressed concern about the numbers of young blacks held on "sus," or suspicion, of loitering with intent to thieve or plunder. Mr. Keeffe sets up a reverberative confrontation be- tween black Delroy (Paul Barber) and Detective Superin- tendant Karn (Stuart Barren) on election night. As the results filter through to the sparse interrogation room, Karn heralds a New Dawn for his be- leaguered force. Delroy's wife has been found dead in a pool of blood. He is stunned to find himself more or less on a murder charge. Ann Mitchell's throat-grabbing production has a marvellous, whispered intensity. Mr. Barber is one of the best young black actors I have seen in ages and Mr. Keeffe's writing is taut, sharp, devastatingly accurate in its use of idiom and speech patterns.

In *Correspondence*, divorced Eileen (Adrienne Posta) takes us through her relationship with a student (Philip Bloomfield) half her age. Her marriage may have broken down, but she did not. Attempting to strike up a career as a student, she finds the new relationship with her best friend's son getting out of hand and ends it abruptly.

MICHAEL COVENEY

Coliseum

Nureyev Season by CLEMENT CRISP

The real Nijinsky tragedy is not the cruelly short career and the ruined years after 1917, but the fact that dancers persist in trying to recreate his roles. No more special talent has been seen in the ballet of this century, nor one enshrined in more special roles than those created for him by Mikhail Fokine. His historic and artistic importance was as immense as his talent; at a time when the male dancer in Western Europe had become for the most part a disconsolate and unappetising figure, Nijinsky reasserted the masculine dance through his extraordinary dramatic and technical powers. But they were in every sense unique, and uniquely displayed in a care- fully planned repertory.

In his wake, generations of danseurs have donned the Rose's petals, the faun's dappled tights, Petrushka's smeared features, and beneath the surface accoutrements, the spirit of the role has been notable by its absence. It could hardly be otherwise. But still they come, drawn irresist- ibly to challenging the illu- strious and legendary past. The latest contender is Rudolf Nureyev, who this week has opted for *Le Spectre de la Rose* and *Scheherazade* as his entry in the Nijinsky stakes.

Neither interpretation, which I saw on Tuesday night in Festi- val Ballet's stagings, can match the hints of Nijinsky's magnifi- cence traceable in Baron de Meyer's photographs taken at the time of the ballets' creation. There is now a lack of elasticity, of muscular resilience, in Nure- yev's dancing, but—and here Nureyev makes sense where no other contender I have ever seen has done more than posture—he has realised one essential quality about Nijinsky's artistry.

In every photograph the key to Nijinsky's interpretation seems powerfully evident in the hands, even in the merest snap- shot (that taken of Nijinsky reflected in a looking-glass by Stravinsky is a case in point) the hands have vitality, expressive force. In the de Meyer photo- graphs they speak as clearly as the face or the curve of the body about the role, and seem even to alter their shape with the characterisation—one has but to compare the ecstatic hands of the Golden Slave with the squat paws of the Faun.

As the Spirit of the Rose, Nureyev's hands had the right sense of fantasy—they justified his interpretation, making one forgive the nasty modern cos- tume he wore, and the taut account of the dances. For the Golden Slave they flickered and spread wide, just as de Meyer's photographs show them: the identification for a brief moment seemed true. The pro- duction was in every other respect luxuriantly foolish and even incorporated the adagio act for the Slave and Zobeide, which is an unappealing textual accretion, and vulgar where it is not comic.

Nureyev also essayed the solo dancer's allegro variations in *Conservatoire*, but this is a lost cause, for all concerned, with Festival's ladies smirking *relentlessly in the belief that* Bournonville is a synonym for winsomeness. The *Conserva- toire* set features a large portrait of Louis XVIII looking somewhat put out: his dis- pleasure is understandable. In *The Sanguine Fan* which com- pleted the programme Festi- val's artists—*sans* Nureyev— were charming, and Patricia Ruanne—too sophisticated in appearance to suit the Girl in *Spectre*—was admirably musi- cal and wordly as the lucky recipient of a diamond neck- lace.

Celebrity concerts at the Royal Opera House

The Royal Opera House, Covent Garden, in association with Scott Concert Promotions, will present a series of inter- national celebrity concerts dur- ing the 1979-1980 season.

Recitals will be given by: Jessye Norman on October 28; Hermann Prey, December 2; Shirley Verrett, February 3; Dietrich Fischer Dieskau and Wolfgang Sawallisch, Febru- ary 10 and Marilyn Horne on April 13.

'Bent' to transfer

After playing at the Royal Court Theatre, *Bent*, by Martin Sherman, will transfer to the Criterion Theatre, opening on July 4.

The play stars Ian McKellen and Tom Bell.

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Europe's stake in SALT III

NOW THAT Washington and Moscow have finally signed their second strategic arms limitation treaty (SALT II), the West will have to concentrate even more seriously on its position for the next round of negotiations that lies ahead (SALT III). The desire of both superpowers to push ahead with SALT III was confirmed in a joint statement adopted alongside the main SALT II Treaty in Vienna at the weekend. Attention in the coming months will focus primarily on President Carter's battle to persuade the U.S. Senate to ratify the SALT II Treaty. If he fails, one can probably forget about SALT III—at least until some way has been found of retrieving the situation with Moscow. But if the Treaty goes through, the West will immediately find itself on the threshold of a major new round of talks that will be more relevant to Western Europe than any of the earlier SALT negotiations.

First aim

It is often thought that SALT III will be concerned predominantly with restricting shorter range weapons in the so-called European "theatre," whereas its predecessors concentrated exclusively on the "strategic", intercontinental arsenals of the two superpowers. This will not necessarily be the case. The first aim of the negotiations, as agreed by Presidents Carter and Brezhnev in Vienna, will be to achieve "significant and substantial reductions in the numbers of strategic offensive arms." There is no doubt that the Americans, at least, see SALT III as the opportunity to start real reductions in inter-continental nuclear forces, following the attainment of a rough balance in SALT II. Nobody believes that SALT II has done more than set limits for a continuing arms race.

But there are a number of reasons for increasing European involvement. Moscow will doubtless once again demand that nuclear weapons based in Western Europe be included in the SALT process. Whereas in the past this has always been rejected by the West, there is now much greater interest in Western Europe in such a proposal—particularly if it were to lead to reductions in the vast array of intermediate-range Soviet nuclear weapons now targeted on the European NATO countries. In a nutshell the fear is that if SALT II means that neither superpower will launch a strategic attack against the other, the Soviet Union's nuclear superiority in the European "theatre" becomes much more menacing, at a time when there are in any case increasing doubts in Western Europe about the credibility of the U.S. nuclear umbrella.

No counterweight

It is not yet easy, however, to see what kind of bargain could usefully be struck, given that Western Europe has no counterweight to the SS-20 missiles and Backfires bombers that are lined up against it. France has firmly declared that it will not place its deterrent on the table as a bargaining chip, and the UK has yet to be convinced that there is a worthwhile deal in the offing. But there is a growing feeling that something must be done, particularly about the SS-20, at European level in SALT III. The search is already on for new forms of consultation that will bring West European Governments more closely into the negotiating process, even if all or most of the actual negotiations continue to be conducted bilaterally between Washington and Moscow.

Modernisation

The problem is intimately linked with the debate that is now going on in NATO on the modernisation of the Alliance's nuclear forces in Europe. Nobody is suggesting that the Soviet Union's new weapons should be matched one for one by the West. But by the end of the year, NATO hopes to have reached agreement on the siting of new, updated missiles in a number of European countries, including the UK. Past experience suggests that the West will need cards in its hands if it wants to persuade the Soviet Union to restrict the SS-20—the mere threat to deploy new Western missiles will not be enough. But the decision on the new missiles must be taken with the maximum tact if public opinion is not to be antagonised. The current approach of most NATO Governments, to combine the decision with an offer of further arms control negotiations, is on the right lines though it could still go wrong. It is important that they should face squarely up to the problem and not postpone decisions for too long.

The Old Lady's old methods

SEVEN WEEKS ago a new Government took office, including several ministers who have taken a lively interest in the various proposals being canvassed in the City for changes in our methods of funding and monetary control.

Today, in its first available quarterly bulletin, the Bank of England offers its own comments on these issues. If this is a coincidence, it is a singularly timely one; the official side of this debate has been carried on for too long in strict privacy. Now the Bank's own arguments in favour of its present methods are public; and although the message is essentially negative, this could help to stimulate a debate which is long overdue. The issues look dry and technical; but at bottom they involve such down-to-earth questions as the value of money, the cost of credit, and the burden of taxes. Finance, like war, is perhaps too important to be left to the professionals.

Arguments

The fact that the Bank defends its present methods can be taken for granted; it could hardly be expected to condemn itself. The issue is not the conclusions, but the arguments which support them.

These are not uniformly impressive, to put it politely, both in terms of what is said and what is left unsaid. The two most striking omissions suggest indeed that the Bank itself underestimates the importance of what is at stake. There is no discussion at all of the servicing cost of the debt that the Bank has to sell; yet this is in a sense the whole problem.

The entire public sector borrowing requirement can now be accounted for by debt service payments — as was indeed normally the case before the inflationary explosion of the early 1970s. This means that more expensive funding now means bigger and worse funding problems in the future: and the longer the maturity of the stocks issued, the longer these problems will persist. Cost should therefore be a prime issue in the debate. The Bank prefers to concentrate almost exclusively on market structure and market psychology, of which it has close knowledge. Nobody should be browbeaten into missing the point.

Again, there is no mention of the fact that we now have a floating exchange rate; yet the exchange rate is of vital importance to industrial growth and profit margins, and is strongly influenced by the level and structure of interest rates. Foreign investment (and foreign profit-taking) also play a considerable role in the day-to-day operations of the market, at some cost to the UK economy. These problems are surely worth a mention.

Strong echoes

What is discussed is the size and structure of the British gilts market, and the danger of upsetting it. Here there are strong echoes of history. It is eight years since the Bank was willing to buy its own stock to preserve what was then called an orderly market; but the distaste displayed for any "unpredictable" behaviour by the authorities show the old concern in a new form.

The fact is, of course, that despite this concern for predictable behaviour, Britain has the most unstable interest rates and the most unstable bond market in the industrialised world; and despite this volatility, a bigger proportion of national income is invested in Government stock than anywhere else. Indeed, the basic case made by the critics is that the Banks present tactics of responding to the market in large occasional lurches, and then selling stock heavily at the bottom of every decline, is far less predictable and more destabilising than matching the market day by day, and results in fitful, expensive monetary control.

Innovations

The case for indexed stocks, and for a radical change in monetary management, is oddly enough discussed in a considerably more open-minded way; and it should be remembered that the Bank has proved, through a series of innovations, that it is not as conservative as it likes to appear in public. Change is possible; but the issues at stake are more important than they appear in this discussion.

The European summit: Britain mends fences

ONE OF the pleasanter features of Mrs. Thatcher's Government so far has been the extent to which it is outward-looking. Mrs. Thatcher herself has pleased and surprised many people by the way she talks about Europe as if she actually believes in it.

She appears to have got on well both with Chancellor Schmidt of West Germany and President Giscard d'Estaing of France, making all the necessary gestures to show her interest in other people's enthusiasms — such as her visit to the French-based European uranium enrichment plant. The Britain with a chip on its shoulder, always pleading its own special circumstances, seems to be, at least temporarily, a thing of the past.

Of course, these are early days and they have been concerned more with style than with substance. Mrs. Thatcher will be on entirely new ground when she attends the meeting of the European Community heads of Government in Strasbourg today and the economic summit of the main industrial democracies in Tokyo next week. It remains to be seen how she will stand up. It could be, however, that the circumstances are ripe for Britain to find that new role in the world which the late Dean Acheson once said had been missing since the end of the empire.

Dominant subject

The thesis depends on adversity bringing the western allies closer together. The dominant subject at both the Strasbourg and Tokyo meetings will be energy, and it will suffice here to give only the barest details of the crisis. The price of oil in general has risen by over 30 per cent already this year. There is a shortage of supplies which could become acute at any moment if, as some western diplomats fear, supplies from Iran are cut off altogether.

It is therefore necessary at the very least for the western countries to implement cuts in consumption. There is also talk of all sorts of other measures such as (mainly from the French) a refusal to deal in the spot market, the imposition of import ceilings—whether expressed in money or in volume terms, and perhaps in Europe the raising of a levy where these ceilings are exceeded. There is further talk of a major new fund for work on alternative sources of energy and, not least, of a renewed commitment by the main industrial countries to the future of nuclear power.

It is still impossible to tell whether agreement will be reached on any or all of these matters in either Strasbourg or Tokyo. If there is no agreement, the outlook for co-operation among the major Western economic powers is bleak indeed. But if there is agreement, it should be possible to build on it in all sorts of other fields.

It would be naive to suppose that the participants at the summits are unaware of these stark alternatives. The consequences of failure must have at least crossed their minds. That is why it seems reasonable to assume that the common adversity, caused by the rise of oil prices, the shortage of supplies and the realisation that things could get a great deal worse, will bring the allies together.

Energy apart, the primary British objective in Strasbourg will be to get agreement from the European partners that the country's net contribution to the Community Budget—at present approaching £1bn a year—is too high, and ought to be diminished. Yet where the new British Government appears to differ from its predecessor is in its acceptance that the problem of budgetary contribution cannot be treated in isolation. It is part of a much wider scheme.

Embryonic package

Neither ministers in the present Government, nor the officials who serve them, like talking of package deals. But it is already clear that an embryonic package is under consideration. The time-table is not for agreement at Strasbourg today, though it depends on Strasbourg being a success. It is rather for an agreement at the European summit meeting in Dublin next November.

The Government wants to repair Britain's relations with the Community. At the same time it believes that the country's contribution to the Budget is manifestly unfair. It also realises, however, that it is unlikely to achieve equity on the Budget without offering something in return. In other words, it will be necessary to resolve the other outstanding disputes between Britain and the Community as well. Certainly all aspects of British relations with the Community are now being considered.

The Government hopes therefore that the Strasbourg meeting will agree to refer the problem of the budgetary contribution to the Brussels Commission in such a way that the Commission would make proposals for redress by the early autumn. That would allow the proposals to be considered by national governments before the summit in November.

By that time, the British Government should have completed its review of relations with the Community on other matters. They include fish, the European Monetary System, the Common Agricultural Policy and perhaps energy. On all of those Britain might have something to give, at least in the way of repairing relations with the Community.

The problem with fish is essentially that it has gone on so long that it has become highly emotive. The issue has always been regarded by officials as soluble, but it may be necessary now to find the solution as part of a package. After all, the rest of the Community is not going to give way easily on the budget without Britain seeming to do its share elsewhere.

As it happens, the first review of the workings of EMS is due in September. That will be an appropriate time for the British Government to consider its own position about joining. It should not be taken for granted that it will agree to go in.

Sir Geoffrey Howe, the Chancellor of the Exchequer, has always been something of a sceptic with a preference for freely floating exchange rates. Yet the question of British participation is at least likely to be considered sympathetically and there is one strong argument that is likely to be put in favour of joining: it could help to keep down the pound at a time when oil revenues are helping to push it up. If Britain did decide to go in, entry could be conveniently timed to follow the November summit.

Agriculture battles

As for the Common Agricultural Policy, that will be less of an issue if the budgetary problem is resolved. The real battles could be fought out in the annual prices reviews as they are being today.

That leaves energy. It is uncertain how far Britain has an energy card to play at all. Supplies from the North Sea are small when measured against world or even European demand. But at least it would be an advance if Britain could stop talking of having to save its oil from the Community, and there are certain gestures that could be made in the way of Community preference in the case of an emergency.

There is in any case no harm in letting the Community think there is an energy card, and there might be something to be said for floating the idea in Strasbourg of a common energy policy on the lines of the agricultural policy. Britain, of course, would be the net gainer, but at least it would be communautaire.

It remains to be seen whether any of this will turn out to be more than good intentions. If the Strasbourg meeting ends in chaos rather like another European summit meeting in Copenhagen in the wake of the oil crisis of 1973, one can probably forget about the rest. Yet it is also true that the time is ripe for a new start.

The French are not quarrelling with the Germans. Britain is not quarrelling, in principle, with Europe, and the Europeans are not quarrelling, in principle, with the U.S. As a French diplomat remarked this week, it was an American (Benjamin Franklin) who coined the phrase about it being better to hang together than to hang separately. That could be the motto for both Strasbourg and Tokyo.

Malcolm Rutherford

Mrs. Thatcher and President Giscard hit it off when she went to Paris this month.

THE FRENCH PROPOSALS

Giscard's way

WHEN FRANCE took over the chair of the EEC Council of Ministers at the beginning of this year, President Valery Giscard d'Estaing made no secret of his desire to put his own personal stamp and that of his country on the whole European enterprise. In common with Herr Helmut Schmidt, the West German Chancellor, he felt that the Community had bogged down in technical squabbles and that major political initiatives were required to push it along the path of unification.

To symbolise his determination, President Giscard appointed as his Foreign Minister, M. Jean Francois-Poncet, previously his chief aide at the Elysée Palace, whose European credentials were impeccable. At the beginning of his diplomatic career, M. Francois-Poncet had led the French delegation in the negotiations leading up to the Treaty of Rome. If, together with many other early European enthusiasts the Foreign Minister has long ago abandoned the supranational ideals of the founding fathers of the Community, that fits official French policy.

President Giscard has made it very clear that his European ambitions are limited, in the foreseeable future at least, to a confederal organisation of the Community. Final decisions must remain in the hands of the Governments of the member states. The new European Parliament, though elected by universal suffrage, must not be allowed to exceed its powers as defined by the Treaty of Rome. The Community cannot progress by quantum jumps. If ever it is to graduate to something more like a federal structure, it would be quite unrealistic to believe that such a prospect is already looming on the horizon.

Within those limits President Giscard has undoubtedly achieved some of the major objectives he set himself at the beginning of the French presidency of the Community. In spite of early snags the European Monetary System is now a going concern.

While President Giscard has never taken the view that Europe can be built only in opposition to the U.S., he is very much an advocate of a special role for an independent European Community in a multi-polar world. The advent of China on the international stage and the risk that two of the super-powers might gang up against the third, has made it even more important in his eyes that the Community should be able to play a positive and influential part in world affairs.

It will only be able to do so if it is economically strong, the French argue. The EMS, in spite of its deficiencies, is at least a first step towards making the European economies less dependent on the vagaries of the dollar.

The other major development during the French presidency for which President Giscard can claim credit is the direct election of the European Parliament. He sees the new assembly playing an important role, which has more to do with the indirect influence it can bring to bear on Governments than with its actual powers.

With two important achievements under his belt, most of President Giscard's attention at the Strasbourg Summit will be devoted to winning his partners' approval for a common energy position to be put to the other participants in the Tokyo Summit the following week. The French have not been discouraged by the fact that some of their proposals, such as the setting of ceilings on EEC imports of crude oil and curbs of the Rotterdam spot market have not, so far, been approved by their Community partners.

The feeling in Paris is that good progress was made at the meeting of the energy minisetrs of the Nine in Brussels. President Giscard is confident that a joint front can be established at Strasbourg. In particular, the French believe they have good reasons to hope that the U.S. will accept the EEC proposal that oil companies should be required to register officially all their international transactions.

President Giscard will press both at Strasbourg and at Tokyo for a closer dialogue with the oil producing countries.

President Giscard looks upon such a dialogue as an important element of his Grand Design for a new Euro-Arab-African relationship, the foundations which would be laid at a summit conference of the three regions. The proposal has not been greeted with noticeable enthusiasm by his European partners.

As far as the President is concerned, Europe can play a most useful role in international affairs in those regions where it has long historical links and where super-power rivalry has produced a stalemate.

Plainly, it is in this field that much greater scope exists for Anglo-French co-operation which, while it would not replace the Paris-Bonn axis, could do much to transform it into a less exclusive relationship.

Robert Mauthner

MEN AND MATTERS

Saving sails for Yamani era

Every extra dollar on the oil price makes airlines look harder at fuel-saving propositions. So British inventor John Spillman thinks that time is on the side of his "wingtip sails," which, he claims, can cut a plane's fuel consumption by as much as a tenth.

This week Spillman returned to Cranfield Institute of Technology, Bedford, where he is reader in aerodynamics, after a round-the-world trip. "Several foreign companies are showing interest in my design," says the white-haired Spillman, "but the British aircraft industry is not falling over itself to get involved."

Spillman's "sails" are raised projections on the ends of a plane's wings. In the U.S., a similar device, called the "winglet," is being tested by NASA, for experimental use on a Boeing 707. The Israelis are also trying out the U.S. design.

So far, Spillman has been limited to light aircraft to prove the fuel-saving effects of his invention. Ciba-Geigy financed early research for crop-spraying planes; funds are now coming from the National Research Development Corporation and the Science Research Council.

"I've no doubt that with further development, something based on the design will have universal application," says Spilman, aged 55. "But the big airlines are naturally wary for the moment — wingtip sails mean a commitment to structural changes."

Last ditch

The quavering Voice of Empire was heard yesterday in the Dorchester Hotel, London (a fitting ambience, even if the place does happen to be owned now by Arabs.) The moment came during the annual general meeting of Hawker Siddeley, which had before it a proposal to allow non-British shareholders to vote on company affairs.

The very idea outraged an octogenarian shareholder named Edmunds, who declared himself to be a veteran of the 1914-18 war. "Keeping the company in British hands would be well worthwhile," he said. "You can rely on British people, whereas you can't rely on foreigners." This speech was received with a loud chorus of "hear, hears" from the floor.

Sir Arnold Hall, chairman of Hawker Siddeley, took a more pragmatic view. He argued that future Euromarket operations might be limited if the discrimination against foreigners were not removed from the articles of association. It seems that in 1935, the Hawker Siddeley directors had feared the company's secrets might stray into the hands of Hitler.

Bruckner bonus

The familiar ticket touts of Wimbledon and Wembley have made a killing this week in the improbable surroundings of the Royal Festival Hall. The object of their attentions was the two-day visit of the Berlin Philharmonic under Herbert von Karajan. "The prices must have been a record," said a spokesman for the administration wrily. "They were well up to the Sinatra level."

A pair of £2.50 tickets were going for £20 and the most expensive seats (£20) were being taken at £100 for a pair, on the evening when Bruchner's eighth was being performed. Moving up-market, the touts did not insist upon cash on the nail. They were quite willing to take a cheque—providing it was covered by a current guarantee card.

Rising gas

As with every Budget, the upheavals caused by the Chancellor create roughly the same effect as a mass short-circuiting of pocket calculators. It is a frenzy I have, I fear, done little to defuse. In Tuesday's paean to gas-propelled cars I failed to make clear that duty on propane relative to petrol remains unchanged. As before, the duty on gas will be half as much as on petrol, going up from 3.3p to 4.05p per litre. VAT on fuel also rises to 15 per cent. Like everything else, gas did not escape.

Salad days

The Manx Millenium seems to have given publicity men more employment than a major takeover bid. Press releases about insurance brokers dressed up as Vikings rowing across the North Sea swamp my office, as do lengthy accounts of how the Isle of Man has made the first heptagonal coins with an edge inscription to commemorate the Queen's visit on July 5, how the issue will be limited to 500 in platinum . . . I could go on.

The latest from Douglas is that women of Northern Ireland and the Isle of Man will soon be "battling" to win a heat in the National Union of Townswomen's Guilds Dutch Salad Queen Competition. This is to take place before an audience of 80 sailors on board HMS Fret. The contest, says the Press release solemnly, "is believed to be the first salad making competition ever to be held aboard a fully-fledged NATO vessel."

Leaving quietly

The public expenditure axe, being wielded with such gusto by Tory ministers, is about to rob the Manpower Services Commission of its favourite Jobcentre, at 215 Piccadilly. Its opening in January 1977 was meant to set the seal on the campaign to transform the tawdry image of the old downtown employment exchanges. The cost of the lease on the very undrab building in Piccadilly was so high no one would admit what it was. It is now up for renewal, and the Manpower Services Commission will say only that a substantial increase in the rent is being demanded—"enough for it not to be cost-effective." (that is, it is more expensive still).

Until cheaper premises can be found, those out of work in the heart of the capital must choose between the Jobcentre in Soho and the other by St. Paul's Cathedral.

Phantom flights

A friend of mine woke up one morning and said to his wife: "I had a terrible night—kept dreaming that the house was full of aeroplanes."

"What do you expect," she said. "You left the landing light on."

Observer

هكذا من الأصل

ECONOMIC VIEWPOINT

Tokyo, energy and world money

POLITICIANS cannot think ...t to do, they engage in a ...e of "hunt the speculator." ... EEC countries apparently ... to suggest at the western ...mit in Tokyo next week that ...companies should register all ...nded transactions in an ...mpt to "curb speculative ...ling."

...resumably the idea is not ... registration for its own ... The idea is to restrain ...e deliveries made at a ...nium above the spot price. ...ccessful it could be guaran... to intensify any existing oil ...ortages" and to make sure ... we have such shortages ...n otherwise they might dis...ear.

...e much maligned Rotter... spot market does make sure ... oil is available for those ... really need it and are pre...d to pay for it—at a price. ... price reflects the state of ...d oil markets—and to com...n about it is like whipping ... messenger who brings bad ...s. As German and British ...es have already pointed out, ... most likely result of the ... plan would be to divert the ...o areas outside the policing ...ngements, unless the latter ... unbelievably comprehen...

... much more interesting sug...on is made in an energy ...rt published by Economic ...els. The report forecasts ... oil imports into the indus... countries (ie the OECD), ... rise from their present level ...ound 30.5m barrels per day ...7.3m in 1985 and 42.3m in ... By then the dollar price ... is forecast to be over $45 ...barrel.

... the usual reservations ... such large-scale forecasts ... apply. What is more ...esting is the effect of chang...ome key assumptions.

...e main forecast supposes that oil prices rise by 30 per cent in 1979 and thereafter by between 7 and 12 per cent per annum. An alternative variant in the report assumes that the oil *price will rise by another 30 per* cent in both 1980 and 1981 before settling down. This is a price basis roughly 50 per cent higher than in the main forecast; and it is sufficient to cut back OECD imports by about 10m barrels per day—in other words, to hold them back at their present level. This estimate of the responsiveness of energy users to higher prices is, in my view, if anything, an under-estimate.

Economic Models also states that if growth in the OECD countries were to rise from recent annual averages of 3½ per cent to the 4½ per cent more typical of the pre-1973 period, oil imports would, by contrast, be 10m barrels per day *higher* than in its main forecasts. Such imports would probably not be available and therefore the growth could not take place.

This is more debatable. While growth in the 1980s is likely to be slower than in the past, I doubt whether it really will be "oil constrained" for very long. But where Economic Models is surely right is to stress that OPEC supply policy will tend to determine the market price of oil; and that "Western countries will have the choice of either raising the price of oil themselves through taxation policy or of allowing OPEC to do it for them through a restriction in the supply."

But those whom the gods wish to destroy they first make mad. The Americans are subsidising oil imports and are de-controlling domestic oil prices with glacial slowness. The rise in the UK oil tax was far too modest. But worst of all, as Economic Models explained, UK energy demand has been artificially stimulated by "grossly underpriced natural gas."

Unfortunately all the leeway — and more — which existed for revenue-yielding increases in the Retail Price Index was absorbed by a tax switch to VAT, decided months ago in totally different economic conditions. If there is anyone in the British Government machine, either at political or official level, with the time and responsibility to stand back from day-to-day business and think about matters such as the inter-relation between budgetry and energy policy, I have yet to discover who he is.

The 'dangerous precedent'

ANY BELIEF that central bankers can improve on the work of politicians—still less that they should fulfil the role of a national or an international House of Lords—will not easily survive the perusal of some of the documents which have been arriving in the last few days.

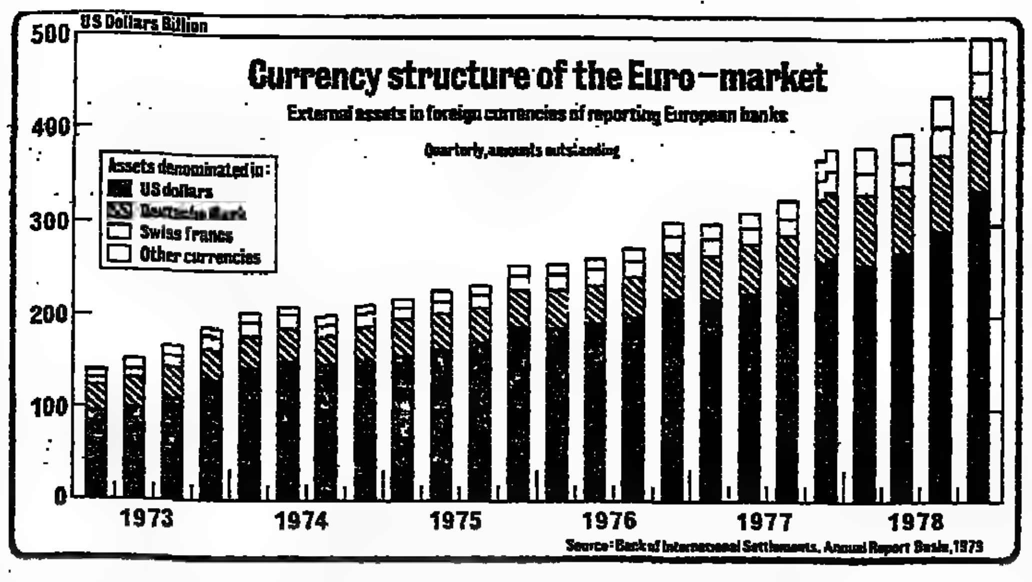
Early in June, the Bank for International Settlements in Basle ("the central bankers' own bank") was gloating that since the dollar support measures of November 1, the "commitment to intervention in the foreign exchange market has now become a fact." This is a reference to national authorities in general, and to the Americans in particular, who were pressurised by the international financial establishment into abandoning an estimable preference for freely floating exchange rates.

As official support for the dollar coincided with a severe tightening of U.S. monetary policy, the thesis that both actions were essential to the dollar's recent recovery will *remain forever untested.* The fascinating point is that in the same paragraph celebrating this triumph of intervention, the BIS goes on to bemoan the "resurgence of inflation, which may prompt policy responses that will slow down, or even reverse, the process of adjustment of external balances."

This world inflationary resurgence antedates, and is greater than anything that can be attributed to oil. The oil price upsurge itself, though triggered off by Iran, could not have reached its present dimensions in a less inflationary world climate—just as the Yom Kippur War of 1973 was not the only cause of the earlier five-fold increase in the oil price.

But it surely must have occurred to the learned author that there may be a connection between the inflationary upsurge which he deplores and the foreign exchange intervention which he adores — especially as the latter by no means started in November, but was undertaken, for instance, by the German authorities, over a period which goes back much further. In an earlier chapter the BIS Report remarked that "a total rise of 11 per cent in German central bank money was more than accounted for by the Bundesbank's net purchases of foreign exchange." Is it therefore surprising that since then the German rate of price inflation should have doubled?

Central bank intervention was not the only factor behind the re-expansion of world inflation. Dr. J. Zijlstra, the BIS chairman, pointed out in his annual address that the dollar value of the external assets of *commercial banks of the main industrial* countries—which are popularly known as Eurocurrencies—more than trebled during the five years 1974 to 1978 inclusive. An estimate, which attempts to avoid double counting, suggests an end-1978 total of $540bn of Eurocurrencies—by now a fair fraction of the world's money supply. Some $110bn of this growth in credits and corresponding liabilities took place last year.



All this came on top of a doubling of the external monetary reserves of national authorities from $180bn to $360bn during the five years. And to think that as recently as the late 1960s our flesh was made to creep with forebodings of a shortage of international liquidity!

At this point it is necessary to make a digression—of more than UK relevance — into the June Bank of England Bulletin. This contains two heavyweight articles. The first is an *attempted defence of selling* gilt-edged stock by giving periodic shocks to interest rates so that gilts can be sold on a temporarily rising market. These "Duke of York" tactics are trotted out as a fine achievement.

Even though it is admitted that indexed stocks would "almost certainly" contribute to a smoother pattern of gilt-edged sales (together with far more important benefits), these are cast aside on the principle of "the dangerous precedent," the "need to suspend judgment" and all the other arguments for inaction listed in Cornford's 1922 classic *Microcosmographia Academica.*

This is followed by an article which pours a more refined scepticism on the notion that the money supply can best be regulated by operating on a reserve ratio consisting of banks' cash and balances at the Bank of England — a method now known as "monetary base con*trol," but which was known as* the "cash ratio" in the older textbooks.

Behind the technicalities, there are two basic points of principle. The first is simply that you cannot control both the quantity of money and the rate of interest. A rigid and ridiculously operated day-to-day monetary control might of course lead to very volatile interest rates. The proposition is equally true with present—or any other—methods. Some compromise has to be made between the shortness of the time over which monetary targets are achieved and interest rate volatility. This is not an argument, however, for the present system which is basically that of guessing the pattern of interest rates corresponding to a given money supply—and then guessing again—in a series of lurches.

A much more valid objection to cash ratio control noted in the Bulletin article is that banks would try to escape from reserve requirements which exceeded their own prudential judgments by avoidance tactics—such as expanding liabilities that do not count in the calcula*tion of the required ratio.* An example of this sort of portfolio management has been the rapid increase in bank acceptances since the reimposition of "corset control" in the UK

The most convincing explanation of the growth of Euro—really offshore — currency deposits is that these are deposits to which reserve ratio controls do not apply. By this means banks, first in the U.S. but increasingly elsewhere, have succeeded in escaping from reserve ratio requirements, which they regard as too restrictive.

The immediate conclusion is that reserve ratio control—as the Bundesbank and the Federal Reserve seem to be learning—should apply not merely to domestic deposits but to all deposits in the currency in question. But the more radical conclusion is that such reserve ratios should not be prescribed by authority but chosen by the banks on their own prudential consideration, and maybe differing from bank to bank.

Central banks could still use open market operations to affect reserve holdings, even when the ratios are freely chosen by the commercial banks themselves. This is indeed the normal method of control in Switzerland.

But as a first step—on which both regulators and apostles of competitive money could both agree—the artificial distinction between the monetary treatment of domestic and offshore currency deposits has long outlived its usefulness and ought now to disappear.

Samuel Brittan

Letters to the Editor

...alue of ...mpetition

...Mr. J. W. West.

...—It looks as if the ...cial Times is becoming a ...too of the new—and strange ...nomics. A few days ago ...of your contributors in...ed us that because the price ... has risen the price of coal ...d go up too. There was a ... when it was held that if ...products were in competi... the lower-priced pulled ... the price of the higher ...d. This is certainly what ...appening in air travel, ...s to Sir Freddie Laker's ...ain and it is happening in ...electronic calculator busi...s as well. Surely the truth ...t the only reason why oil ...s rise and coal prices rise ...t we have two (or rather, ...) monopolies, that is OPEC ... and NUM. If anything ...d the need for, and value ...mpetition it is this.

...other example of your new ...mics was provided by your ...g article about VAT on ...16. You seemed to imply ...f VAT went up by 7 per ... prices must also go up by ... cent. But the demand for ... goods is elastic and an ...se in price might well ... a fall in demand leading ...fall in prices. There is no ...ite reason why prices ...d rise by 7 per cent or ...in some cases, they should ...t all. Indeed some *shops* ...olding their prices for the ...being. The percentage rate ...T is only part of the story. ... actual amount the ...mer pays depends on the ... on which VAT is applied. ...g once more electronic ...ators as an example, if ...prices continue to fall it is ...likely that the amount of ... the purchaser will pay ...year at 15 per cent will be ...than the amount he has ...paying this year at 12½ per ... The moral is as before— ...of competition does a world ...od.

...West.

...Chelsea Cloisters, ...e Avenue, SW3.

...ousing and ...uality

...the Headmaster, ...ick Muir School.

...—I read with interest ... Riddell's article "Council ...ing and Equality" in your ...ard column (June 14). ... agreeing with most of ... he has to say, I must ...ion his (very widely held) ...nption that for housing ...ses the nation is divided ... two: owners and renters. ...ct there is an important ... category: occupiers of ...housing, who in present in...nary conditions are ...g, to say the least, a raw ... I am referring not to the ...sh agricultural worker ...se condition has been ... altered by the 1976 Agri...ral Rent Act), but to the ... thousands of servicemen, ...ential workers, school ...ers, bank managers, clergy ...etc., who quite often have ...cupy certain quarters as a ...tion of their employment. ...ly one can here recognise ... categories, all greatly ...vantaged.

...A person who sold his ... in 1970 to take up a post which involved living in tied accommodation would now find that, however much he had been able to save by occupying such accommodation and however well he had invested his savings (I say "invested" not "gambled"), he would be unable to re-enter the housing market. What he is supposed to do when he retires the good Lord alone knows. Put himself down for a council house?

2—The person who in 1970 kept his own house and let it out has been subject to increasingly antagonistic Rent Act legislation.

3—The person coming now into this situation is at least aware of the hazards and if he did not have a house would seek to get one. But if he did (and that is problematical, given the attitude of building societies to non-occupying mortgagees) he could only do so at the cost of running the risks either of leaving it empty for much of the time (in this vandalistic age?) or of letting it out and running the gauntlet of the Rent Acts mentioned above.

The grossest injustice occurs—and this is very frequent—when the occupier is actually charged for (or deemed to have received a benefit from) his occupancy. In actual fact he should be paid for it, as some of the commercial banks from time to time have recognised on behalf of their managers during the last decade. Unfortunately it is often assumed by most of the powers that be (principally the Treasury and Local Authorities) that, because tied accommodation is socially desirable and costs something to provide, it necessarily has a value to its occupier. The latter might well be allowed to disagree when, depending upon various assumptions, he can be losing anything from £500-£2,000 p.a. post tax for enjoying his supposed benefit.

What could be done? First of all cease all charges (direct or assumed) for this accommodation. Beyond that what about an indexed savings scheme for non home-owners in tied accommodation with the proviso that the proceeds should be applicable only to the purchase of a house? Or what about extending Mr. Riddell's idea for council house tenants of granting them an equity in their accommodation—which of course would have to be centrally financed.

Have readers any other ideas?

David Thornber.

Rumbling Bridge, Kinross.

Compensation for lost mail

From the Director, Mail Users' Association

Sir,—In his reply to my letter (June 16) Mr. Borrie, director general of the Office of Fair Trading appears to have overlooked a number of points.

He claimed that £12.50 compensation for lost or damaged parcels is grudging because the value of many items sent in this way is *greater.* Quite so, and for this reason the Post Office has provided a compensation fee service. For payment of 15p compensation of up to £50 can be obtained for loss or damage and for 25p up to £100. Surely, if people can afford to buy goods costing over £12.50 they can also afford very modest fees to insure their goods.

The problem with compensating for consequential loss is one of cost. Again Mr. Borrie did not discuss how such compensation is to be paid for. I did suggest to the Post Office that insurance should be offered against consequential loss. Its officials were sympathetic to the idea but since members of the Mail Users' Association expressed no interest the matter was not followed up by me. Such an approach offers a solution to the problem; however, it will be expensive.

Mr. Borrie may have been expressing his honest belief in the lukewarm reception he gave to the codes, but it seemed to this association and others which were consulted by the Post Office, that he was being less than fair. How can something be castigated as "a second-class result" before it has had any period in which to work? The fact is that we do not know what result the codes will have. Moreover, as we look to the OFT for guidance in these issues it is not reassuring to have it pre-judging the outcomes.

A final point worth considering is that the Post Office does not strictly apply rules about correct addressing and packing. At the moment its staff do go to a great deal of trouble to trace badly addressed items and to re-wrap inadequately protected goods. If the Post Office is made subject to measures along the lines Mr. Borrie suggests these facilities may well be withdrawn.

M. E. Corby.

29, Sackville Street, W1

Return of space debris

From Mr. B. J. L. Ridout

Sir,— While most people can feel sympathy for the aborigine whose boomerang wouldn't come back, from a discussion on the BBC's "World at One" programme today, Monday June 18 between an interviewer and an American space scientist it appears that there is similar unpredictability regarding "Skylab" which it is believed will break up during July and will return to Earth in pieces. But the scientist did not seem at all clear as to the size of the fragments of metal or whether they would fall into an ocean or over a densely populated area.

There was a suggestion that it might be necessary to ground all the world's aircraft for a few days, which would have the benefit of saving fuel and allowing citizens living near Heathrow and other large airports to have a better night's sleep. But it would be interesting to hear from both America and Russia whether they are going to allow their scientists to continue launching satellites in this happy-go-lucky manner.

B. J. L. Ridout.

1 Lindsey House, 46 Ilex Way, Goring-by-Sea, Worthing, West Sussex.

The sins of the Post Office

From Mr. K. V. Potts.

Sir, — For those who believe *the pinnacle of frustration* has been breached when dealing with the vehicle licence centre, Swansea — all is not lost. An even greater colossus exists within our midst, grinding along oblivious to the world outside—the Post Office.

In July last year we ordered a line and two modems to co-ordinate a computer in W1 with terminal facilities at Wembley. A nine-month delivery and installation period was given.

Now it is essential to grasp at the outset nine months is the minimum period and therefore must be taken as "normal and efficient"; in fact, the best part of 11 months lapsed before the installation was complete. I imagine this might be viewed as "abnormal," since the excess time was explained away as being attributable to the non-availability of modems, skilled labour and a computer strike!

A second line with more powerful modems was applied for in February. As yet, the Post Office application form for this "service" has not been received despite repeated requests and even when it does arrive, I am reliably informed, a further six months will elapse before installation. Alternative intermediary measures to obtain "a switch device" from the Post Office to transfer from GPO modems to private modems are subject to a 12-week lead time!

Our time schedule for systems and conversion work, delivery and installation of hardware, user education, system testing, parallel-running painstakingly planned and executed has all paled to utter insignificance compared with the escapades of a GPO line and a couple of modems. We are now hopelessly out of schedule resulting in excessive costs beyond budget.

One cannot help reflect:—

1—This outfit, a monopoly, is inefficient in the extreme, but is still able to produce excessive profits in telecommunications. How such appalling service could ever be justified is beyond belief. The mind boggles at the price reductions subscribers could enjoy if efficiency were ever re-introduced.

2—The recent blaze of publicity given to "life job security" in exchange for improved technology can only be viewed with even more weary foreboding. Monopolies are now being run for the exclusive benefit of their employees — service to its much-neglected subscriber is apparently a secondary issue.

3—That this organisation epitomises the ideals of "worker directors" only serves to demonstrate what a total irrelevency this structure is in dealing with commercial problems at the sharp end.

4—That the Post Office is reported to be investigating allegations of bribery from irate customers who cannot run their business any longer with the "normal standard of service."

In conclusion, for those embarking on such a venture, be warned. Never write to the Minister responsible; this will be forwarded to the managing director responsible and then hived into the depths of the P.O. structure where it will be dealt with as any other complaint. If Moses were now preparing to lead the flock to the promised land, he would surely get drowned several times on the way.

K. V. Potts.

Financial Controller,

Ojrex, Stephen Street, W1.

Today's Events

GENERAL

UK: CBI president Sir John Greenborough speaks at CBI south region lunch, Henley.

Mr. Michael Pocock, Shell Transport and Trading chairman, speaks at American Chamber of Commerce lunch, London.

Italian industrialists from Mantua visit Birmingham.

Trade mission from East Germany visits Birmingham.

Arbitration panel on Underground NUR pay claim reports.

Oversea: EEC Heads of Government two-day meeting in Strasbourg opens.

National one-day strike called in Australia.

OFFICIAL STATISTICS

Car and commercial vehicle production (May, final). Bricks and cement production (May).

PARLIAMENTARY BUSINESS

House of Commons: Debate on the effects on unemployment of the proposed cuts in manpower services.

House of Lords: Justices of the Peace Bill (consolidation measure). Sale of Goods Bill (consolidation measure). Conservation of Wild Creatures and Wild Plants (Amendment) Bill. Debate on the problems of the shipping industry and the 12th report of the European Communities Committee on EEC shipping policy.

COMPANY MEETINGS

Alginate Industries, Charing Cross Hotel, W.C., 12. Booth International, Piccadilly Hotel, Piccadilly, W., 12. Bulgin, Bypass Road, Barking, Essex, 3. Fashion and General Investment Trust, Winchester House, 100 Old Broad Street, E.C., 12. Garnar Scotblair, The Grange, Bermondsey, S.E., 2.30. General Scottish Trust, 4 Melville Crescent, Edinburgh, 11. Norman Hay, Excelsior Hotel, Heathrow Airport, Bath Road, West Drayton, Middx, 11. Highgate Optical, Clarendon Court Hotel, Maida Vale, W., 11. House of Fraser, Merchants House, 30 George Street, Glasgow, 12. I. and J. Hyman, Queen's Hotel, Leeds, 12. Industrial and General Trust, Winchester House, 77 London Wall, E.C., 12. UK Industrial Investments, Empire House, 123 Kennington Road, S.E., 12. Mallinson Denny, 130 Hackney Road, E.C., 12. Tern-Consulate, Lawrence Road, Tottenham, N., 12. Weeks Associates, Royal Station Hotel, Hull, N. Humberside, 12.

Company results Page 29.

Asset sales surplus bolsters Tate & Lyle at £13.5m

AS ANTICIPATED trading performance of Tate and Lyle, was weaker in the first half of 1978-79. However, the pre-tax result, benefiting from £7.2m surplus on sale of assets and £1.5m more *from associates*, showed an advance of £3m to £13.5m for the half-year to March 31, 1979.

Sales were up £20.3m at *£550.5m*. Despite the asset realisation programme, started last year, aimed at reducing borrowings, the interest charge *for the six months was ahead to* £7m (£5.7m).

For the year a return to underlying growth, followed the £19m slide to £24.6m last time, is forecast. Earl Jellicoe, chairman, says that in the second half profit, excluding surplus on asset sales, should be an improvement on the first half result.

Tax for the six months took £6.1m (£4.6m) leaving stated earnings per £1 share 4.6p higher at 13.3p.

Trading surplus fell from £15.4m to £13.3m with downturns in all sectors except *malting*, shipping, and sugar refining and production.

The world sugar market has remained generally *dull. Disposal of surplus EEC produced* beet sugar in the Community and failure, to date, of the U.S. to ratify the International Sugar Agreement *have prevented any* price increases. This has limited opportunities for profitable trading, the chairman says.

	Half-year 1978-79 £m	1977-78 £m
Sales	550.5	530.2
Trading profit	13.3	15.4
Exceptional gain*	4.9	—
Interest	7.0	5.7
Share of associates	[illegible]	[illegible]
Pre-tax profit	13.5	10.5
Tax	6.1	4.6
Net profit	7.4	5.9
To minorities	0.1	1.1
Attributable	7.3	4.8
Dividends	1.4	1.7
Retained	5.9	3.1

* Profit on sale of investment in Alncan Products.

Results from sugar refining and production at home were *seriously affected by the haulage* strike but a significant quantity of the sales lost are likely to be recouped in the second half.

Refining capacity at Liverpool has been cut from 550,000 tonnes to 300,000 tonnes a year to bring it more into line with demand. *Yet some imbalance persists* because of the relatively high level of white sugar imports *from the EEC and the restricted scope for exports.*

Difficult market conditions and some over capacity in the refining industry depressed earnings in Canada, but market share is being expanded in *the* U.S. and better second half performance is forecast.

An analysis of sales and trading profit by activity shows: Agribusiness £27.4m (£29.8m) and £2.4m (£2.8m); bulk liquid *storage £2.7m (same)* and £0.4m (£0.7m); commodity trading worldwide £233.8m (£187m) and £7.8m (£11.4m); malting £8.5m *(£8.2m) and £1.2m (£0.9m)*; shipping £4.9m (£3.7m) and £3.2m (£0.5m); starch £15.1m (£21.9m) and loss £0.7m (profit £1.1m); *sugar base chemicals* £0.2m (nil) and loss £0.3m (nil); sugar refining and production £224.5m (£232.3m) and £1.1m *(loss £0.1m); warehousing and* distribution £14.5m (£27.9m) and £0.7m (£0.9m); and other activities £18.9m (£16.7m) and £0.4m *(£0.1m). Less central expenses* of £1.8m (same) and research and development again at £1.1m.

As known a net interim dividend cut from 3.1p to 2.5p was paid with last year's final on April 4. Total payment for 1977/78 was 10.5p.

See Lex

Overseas side aids Hawker

PROFITS FOR *the first half of* the current year are likely to be "a bit down" on the interim figures in 1978, Sir Arnold Hall, chairman *of Hawker Siddeley* warned shareholders at the anual meeting.

The company's UK activities, he said, had so far enjoyed mixed fortunes during the period, many of them dragged down by the industrial problems of last winter.

Commenting on this he said it provided "a working model of a nation committing suicide and cutting the throats of its own children."

In particular Sir Arnold mentioned the depressed conditions at the heavy end of the diesel business, the emergence of U.S. competition in the wake of the *weak dollar, and the problems in* Iran and Nigeria.

Against this he pointed to the brighter picture in Australia, *were demand was "brisk,"* and in Canada, where there had been a "remarkable surge of business," largely related to the *U.S. railways industry.*

The full year outcome for the group, Sir Arnold predicted, would be similar to last year.

Sir Arnold confirmed the Board's intention of declaring a further interim dividend of 2.9375p per share for 1978 on *August 1, the day after restrictions expire.* Together with the interim already declared and the final now approved, this amounts *to a total of 7.5p per share.*

Mansfield Brewery advances

ON TURNOVER up from £18.9m to £21.85m, taxable profits of Mansfield Brewery finished the March 31, 1979, year at a record *£3.23m against a previous* £2.82m.

At the interim stage profits had risen from £1.4m to £1.78m.

After tax for the full period of £1.2m (£1.23m), net profits emerged at £2.02m (£1.59m), giving earnings per £1 share of *38.9p (30.5p).*

The dividend is lifted to 8.5p (7.5p) net with a final of 5.96p.

Baker's Stores 50% jump

TAXABLE profits of Baker's Household Stores (Leeds) jumped by 50 per cent in the half year to March 31, 1979. The surplus rose from £218,797 to a record £329,424 on turnover 20 per cent ahead at £3m against £1.66m. And the group is looking for a year-end record.

The interim dividend per 10p *share is hoisted from 0.297p net* to 0.63p. Last year's total on pre-tax profits of £424,225 was 1p. Stated earnings are up from 7.29p *to 10.98p.*

The directors now say that trading in the second half has been satisfactory but it is difficult to assess the effect of the VAT rises on figures. But they are quietly confident of achieving another record year.

Three new units will be opened before the year-end and it is hoped a fourth will be ready *in time for autumn trading. The* Board hopes to have not less than 20 units operating during 1980.

Interest receivable for the half-year is up from £14,700 to £39,093. No tax charge has been made for the latest period for comparative purposes. However, the Board says this is not indicative of the charge for the full accounting period to the end of September.

If tax had been provided at 52 per cent earnings per share would have been 5.27p.

ISSUE NEWS

Holt Lloyd raising £3m: forecasts 9p dividend

IN A MOVE to raise nearly £3m net, Holt Lloyd International, maker of car care and aerosol products, is proposing a rights issue of 2,007,575 shares at 155p each on the basis of one-for-five.

The new shares will not rank for 1978-79's net final dividend of 4.245p. Depending on the level of trading, the directors propose to pay at least 9p for the current year to February 28, 1980—equal to 12.857p gross.

The directors point out that earlier this month the company announced it had acquired LPS Research Laboratories, of the U.S., for $10m cash (£4.8m), financed by a medium-term variable interest *rate loan from* the National Westminster Bank.

Following the acquisition, they believe it is appropriate to increase the capital base to support future growth. Holt Lloyd intends to repay any existing sterling indebtedness and part of the U.S. currency loan out *of* the proceeds of the issue.

The balance will be placed on deposit and will provide further working capital.

Dealings in the new shares are expected to begin on June 25. The issue has been underwritten by Morgan Grenfell and brokers are Simon and Coats and Henry Cooke, Lumsden.

● comment

Since 1976 Holt Lloyd has pushed its profits up by an average annual rate *of roughly a* third, although last year the gain was nearer fifth. All this was achieved by organic expansion but the company now calculates that acquisitions are necessary to maintain the momentum. To this end, Holt Lloyd has bought two companies since April—one in France and the other in the U.S. This has inevitably meant a sharp increase in borrowings from a virtually ungeared situation. Post-rights, borrowings will amount to almost a quarter of shareholders' funds. An overnight discount of 20 per cent has been reduced to 17 per cent on yesterday's share price of 187p, down 9p, but the issue looks reasonably safe with an ex-rights yield of 7.1 per cent.

INDEX TO COMPANY HIGHLIGHTS

WEEKS ASSOC.

Weeks Associates announces that of the total of 2,978,236 *ordinary shares* comprised in its recent rights issue, acceptances have been received in respect of 1,798,539, including 717,740 subscribed by Grovewood Securities, a wholly owned subsidiary of Eagle Star Insurance.

The balance of 1,179,697 shares, amounting to approximately 39.6 per cent of the issue and 52.2 per cent of the shares underwritten, has been allocated to underwriters.

PMA SUCCESS

The rights issue by PMA Holdings of 1,991,666 new ordinary shares has been taken up in respect of 1,926,079 shares, representing 96.71 per cent of the issue.

The rest of the shares have been sold in the market at a premium of 30.5p. After expenses this will be distributed to entitled shareholders.

WGI plans more expenditure

A rights issue to raise £1,095,000 on the basis of one-for-four at 87p per share, is announced by WGI, the Wilmslow-based engineering and *construction group.*

The price compares with a current market value of 109p. The directors do not give a divi*dend forecast for the current* year but point out that the lifting of restraint gives the company the opportunity to revert *to the normal policy of* relating dividends to profit growth.

Explaining the reasons for the cash call, the directors say that *in addition to £2.14m spent on* fixed assets during 1978-79, WGI acquired three companies for £2.2m, of which £1.41m was cash.

There are plans for further substantial expenditure during the current year and the directors propose to use the proceeds to support this programme and *enable the group to take* advantage of opportunities for expansion.

They report that in all divisions the order book at the start of the current year "is very encouraging."

The issue is being underwritten by S. G. Warburg. Brokers are Panmure Gordon and Henry Cooke, Lumsden.

Dealings in the new shares, nil paid, are expected to begin on June 25.

3% REDEMPTION STOCK 1979

The Bank of England announces that the Treasury will make no conversion offer in respect of the holdings of 3 per cent Redemption Stock 1979. This will be redeemed at par on September 17, 1979. Redemption request forms will be issued on July 18.

Christopher Moran tops £2m despite weak dollar

ALTHOUGH THE weak dollar hit earnings, taxable profits of Christopher Moran Group, insurance broker, rose from *£1.76m to £2.04m* in the year to January 31, 1979. Turnover was higher at £3.28m, against £2.51m.

Despite the continued weak*ness of the dollar, trading volume* in the current year has increased in sterling terms and the directors feel confident of the *full-year outcome.*

Tax for the year took £945,000 (£853,000). The net dividend is lifted by 11.1 per cent to 4p (3.7p), with a *2.9p* final.

Minorities totalled £29,000 (£14,000), leaving attributable profit at £916,000, compared with £839,000 before an extraordinary debit of £905,000 last time.

● comment

Shares of Christopher Moran enjoyed a good run ahead of the results. Indeed, there is no disappointment in a 16 *per cent rise* in profits and plenty of bullish talk about the current year. Some 70 per cent of Moran's *business—three-fifths of which is* aviation reinsurance—is transacted in dollars, so the group has managed to contain the worst effects of adverse currency movements. Also the aviation market has been less pressed than other areas, and volume has held up on the back of increasing values of insured risks. Moreover, the group is arguing that the DC 10 catastrophe will harden premium rates in the excess of loss reinsurance market and so increase brokerage in the current year. Some 65 per cent of Moran's business is conducted at Lloyd's so the share price *is* already taking into account the Lloyd's inquiry, while an unrelated inquiry by the Fraud Squad could also act as a brake on the price. At 41p, the shares yield a fully covered near 15 per cent which reflects the problems.

Reed Paper: no dividends before 1985

Reed Paper must achieve profits of C$25m each year until 1985 before it can pay dividends, president Mr. Donald A. Maciver told the Standing Committee on Resources Development of the Ontario Government.

The committee has been attempting to force Reed to begin a pollution control programme at its pulp and paper mill at Dryden.

Mr. Maciver said Reed has paid no divdends on common *stock* since October, 1976, and none on preferred stock since July, 1977.

He said he *has told* the Canadian shareholders and Reed International, which controls 87 per cent of Reed Paper's *voting stock*, that the company "simply has no money available to pay dividends."

The company has examined "exhaustively" the possibility of selling each of its operations, including the Dryden plant, but "there is no real possibility of such a sale and we will continue to be the owners of the Dryden operation," he said.

Reed intends to invest $130m by 1985 to revive the Dryden plant, but Mr. Maciver asked the committee to recommend its own investment and environmental programme to 1985.

He said even though the company is spending money on the Dryden operation, a return to profitability is "not a sure thing"

Halved profit for British Vending

Taxable profits of British Vending Industries slumped from a peak £745,786 to £377,112 for 1978, on increased turnover of £16.59m compared with £13.56m.

After a tax charge of £101,370 (£205,336) net profits for the year declined from £540,430 to £275,742.

Earnings per 10p share are lower at 3.52p (5.95p); as known the net dividend is stepped up from 0.5138p to 0.5737p.

Principal causes of the lower profits were falling commodity prices which reduced the margins earned by the group's major trading *subsidiary* and *rising* running expenses. These included significant non-recurring rationalisation costs borne during the integration of acquisitions made in the latter part of 1977.

Looking ahead the immediate prospects are promising, the directors state. The group's performance in the first quarter of 1979 was much better than for the same period last year.

Ferranti held back to £10m

A DROP *in profits at Ferranti-*Packard, a loss on the engineering side and increased interest charges held back Ferranti in the year to March 31, 1979. The electronics group is controlled by the National Enterprise Board.

On turnover well ahead at £192.1m, compared with £156.9m, taxable profits were £800,000 up at £9.9m. At midway *when pre-*tax profits rose 17 per cent to £3.22m the directors warned of lower margins in Canada, higher interest charges and the significantly higher wage and salary costs.

	1979 £m	1978 £m
Turnover	192.1	156.9
Computer systems	57.8	46.1
Scottish group	67.4	49.2
Instrumentation	13.0	9.9
Electronics	13.7	11.7
Engineering	15.9	13.3
Overseas	11.2	7.6
*Ferranti-Packard	23.0	[illegible]
*Others	10.4	8.7
Less intergroup	20.9	13.2
Trading profit	12.6	11.0
Computer systems	4.3	3.0
Scottish group	6.2	3.9
Instrumentation	0.7	0.6
Electronics	1.0	0.7
Engineering	†1.1	0.6
Overseas	0.5	†0.3
*Ferranti-Packard	0.5	2.0
*Others	0.5	0.5
Share of associate	0.1	—
Interest	2.8	1.9
Profit before taxation	9.9	9.1
Tax	0.9	1.1
Profit after tax	9.0	8.0
Minorities	0.1	[illegible]
Preference *dividends*	0.1	0.1
Attributable	9.0	8.1
Currency deficit	0.8	1.0
Extraordinary debit	0.4	1.3
Ordinary dividends	1.2	0.5
Retained	6.6	3.3

* Subs. and business sold in 1979 or in course of being sold. † Loss.

The Ferranti-Packard opera*tion in* Canada, which is in the process of being sold to Northern Engineering Industries for £7.6m, saw trading profits slide *from* £2m to £0.5m. In addition the UK engineering side suffered a turnround from a trading profit of £0.6m to a £1.1m loss.

But these were offset by *improved performances* by the computer systems side which raised trading profits £1.3m to £4.3m, the Scottish Group which lifted the surplus £2.3m to £6.2m, and overseas operations which made a £0.5m profit against a £0.3m loss.

Total trading profit, including offshoots and business sold in 1979 and in the process of being sold, rose from £11m to £12.6m.

Interest charges increased from £1.9m to £2.8m.

After tax of £0.9m (£1.1m) net *profit is up £1m at £9m.* At the attributable level the surplus also stands at £9m, against £8.1m and stated earnings per 5p share are up *from 38.08p to 42.44p.* As forecast in the interim statement the final payment is 3.833p net making a total *of* 5.75p, compared with an adjusted 2.178p.

See Lex

Williams Lea almost doubled

PROFITS BEFORE tax of Williams Lea Group, the quoted printing concern, were *almost doubled from £224,000* to £423,000 for the six months to April 1, 1979, on sales [illegible] higher at £5m. For the previous *full year, a record £735,*[illegible] surplus was achieved.

The directors say business activity in most of the company's *specialist markets has continued* to be buoyant during the period with resulting profits providing a firm base *for* the year.

After tax of £147,000 (£65,0[illegible]) half-yearly net profits rose from £159,000 to £276,000. The dividend is increased from 90p to 110.6p per £1 share. Last year's total was 221.2p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Anglia TV ......int.	1.57	—	1.39*	—	3.39
Baker's Household	0.65	Aug. 10	0.3	—	1
Barrow Milling ......int.	3.64	—	3.64	—	4.69
Burnett, H'shire 2nd int.	1.65	—	1.43	3.25	2.88
Cocksedge	3.95	—	2.97	4.84	3.79
Dundee & Ldn. Inv. ...	1	July 20	0.9	—	2.6*
Ferranti	3.83	—	2.18*	5.75	2.18
Flexello Castors ......int.	1.41‡	July 31	1.16	—	3.36
Granda ......int.	1.44	Oct. 1	0.95*	—	2.14
Henlys ......int.	3	Aug. 10	3	—	8.71
Irish Distillers ......int.	0.88	Aug. 21	0.79*	—	2.5[illegible]
Ernest Jones ......int.	2.5	Aug. 20	—	—	3.5
F. H. Lloyd	4.47	—	3.68	6.12	5.37
Mansfield Brewery	5.96	July 19	5.19	8.5	7.5
Milford Docks sec. int.	1.75§	Sept. 28	—	—	2.9[illegible]
C. Moran	2.9	Aug. 14	2.6	4	3.7
Northern Secs.	3	July 19	2.45	4	3.4[illegible]
Tesco	1.19	July 28	0.92	1.98	1.0[illegible]
Wheway Watson	0.55	—	0.53	1	0.3[illegible]

Dividends shown pence per share net except where otherwise st[ated].
* Equivalent after allowing for scrip issue. † On ca[pital] increased by rights and/or acquisition issues. ‡ To reduce dispa[rity]. § *Making 3.43p to date.*

Granada rises £5m so far

INCREASED contribution all its divisions enabled ada Group to improve tax-profits by £5m to £21.21m he 28 weeks to April 14. Turnover rose by £18.5m 46.2m.

'd Bernstein, the chairman, all divisions are doing well he reaffirms his statement at the March annual meet-hat profits for the current are running some 20 per higher than last time.

record £34.02m pre-tax us was achieved in the 52 s ended September 30, 1978.

ding surplus at the interim is ahead from £38.15m to m. Depreciation on TV l assets takes £18.03m 1m) and £3.14m (£2.57m) her assets. Interest charge slightly from £2.16m to n.

nings per 25p share iced from an adjusted 4.54p 7p and the interim dividend ectively lifted from 0.9512p 4p net—the previous year's was an equivalent 2.13816p. for the period was £11.38m m) and, after minorities, ble profits were up £2.7m .79m. Interim payments o £2.25m (£1.49m).

group's interests include sion rental, IBA television acting, production of sion programmes, etc.

tax profits of the group's ted property investment development subsidiary, nquilla Investments were from £436,000 to £421,000, duced turnover of £716,000 000).

er tax of £224,000 000) earnings per share rom 24.7p to 23.8p. The m dividend is 15.437p, pay-October 1.

omment

per cent increase in the interim dividend added gloss to the Granada figures ave an indication of what e expected for the year. hare price, which rose 4p 3p, probably needed little encouragement, however, 31 per cent rise in pre-tax s is above many forecasts. da is still expecting only a cent rise for the full year, because the strong cash-osition may suffer slightly closing six months. The me pre-tax improvement been flattered by fairly depreciation and interest es. Granada depreciates TV ver six years, so the boom of the early 1970s are now f the way, while the push oreign rental business has been achieved, reducing n borrowings. Granada is cautious over its forecasts but, with the Price Commission out of the way, it has scope to profit from a buoyant UK rental market while, overseas, it may well show a foreign exchange credit this year. Assuming 20 per cent growth for the year, the p/e is a healthy 11.3 while the yield should climb to around 3.2 per cent.

BOARD MEETINGS

TODAY

Interims—S. and W. Berisford, Bluemel Brothers, Charter Trust and Agency, Lonsdale Universal.

Finals—Arbuthnot Latham, Baker Perkins, British Steam Specialties, Butterfield-Harvey, Continental and Industrial Trust, Electric and General Investment, Lindustries, London and Associated Investment Trust, Petbow, Racal Electronics, Silvermines, Sterling Industries, Tunnel Holdings, Westbrick Products, Wilkinson Match.

FUTURE DATES

Interims:—	
First National Finance	Jun 25
Kenning Motor	Jun 25
Lincroft Kilgour	July 2
M and G Dual Trust	Jun 27
Finals:—	
Derritron	Jun 26
Tranwood	Jun 27

E. Jones advances to £1.07m

AFTER exceeding its prospectus forecast at the year-end Ernest Jones (Jewellers) pushed up taxable profits from £869,000 to a record £1.07m in the six months to March 31, 1979.

The group is paying a net interim dividend of 2.5p per 10p share. Last year 3.5p was paid on taxable profits of £1.27m, compared with the £1.2m forecast in the prospectus.

The Board says it does not expect the VAT rise to materially affect trading and it expects a satisfactory increase in year-end profits.

Turnover for the period went ahead from £3.67m to £4.67m and tax takes £554,000, against £452,000. Stated earnings per share are up 1p to 10.2p.

Since the period under review, sales have shown consistent growth, and the newly opened branches at Maidstone, Bromley and Manchester are developing well.

Further branches at Blackpool, Milton Keynes, Peterborough, Darlington and Hempstead Valley (Kent) are scheduled for opening in 1979, and extensions are planned at three branches.

Certain directors and shareholders have waived dividends of 2.4p net per share, totalling £82,320 on their holdings.

Good second half boosts Tesco to record £37.7m

A SECOND half increase from £18.28m to £23.87m lifted taxable profits of Tesco Stores (Holdings) from £28.56m to a record £37.66m for the year ended February 24, 1979—a rise of 31.9 per cent.

Including VAT, turnover moved ahead 26.2 per cent from £979.3m to £1.24bn, a volume increase in excess of 15 per cent, and it confirms a continuing growth in market share.

Profit margin improved to 3.13 per cent, against 3 per cent.

	1978/79 £000's	1977-78 £000's
*Turnover	1,235,902	979,322
Profit	45,432	34,852
Interest receivable	1,571	1,378
Depreciation	10,232	7,668
Minority loss	21	—
Profit before tax	37,662	28,562
Taxation	1,102	1538
Net profit	35,560	29,100
Surplus on props. sale	345	189
Extraord credit	229†	115‡
Dividends	6,471	5,173
Retained	29,654	24,021

* Including VAT of £34.06m (£26.34m). † Credit. ‡ Debit.

The directors say that current trading is progressing favourably, and they forecast another record year.

Stated earnings are 11.51p per 5p share, compared with a previous 9.2p and, with Treasury approval, the dividend is stepped up to 1.9827p (1.6297p) net with a final payment of 1.1939p.

The 1978/79 store development programme with 14 new stores and three major extensions added 528,000 sq. ft. to existing selling area. The opening of two stores was delayed by the exceptionally bad weather, the directors explain.

During the year a total of 113 smaller stores with selling area exceeding 300,000 sq. ft. were closed as part of the rationalisation programme.

During the current year it is planned to open a further 16 stores, which together with 11 major extensions, will increase selling area by over 500,000 sq. ft. An extension at Weston Favell which will create a sales area of 96,500 sq. ft. on one floor, will make it the largest superstore in the group, they add.

See Lex

MORAN TEA DELAY

Moran Tea Holdings does not expect to be able to issue its report and accounts for 1978 before October, 1979. The directors say accounting information from India in respect of the group's principal trading subsidiary, the Moran Tea Company (India), is still awaited.

Flexello ahead to £0.43m

ON TURNOVER ahead from £4.13m to £4.9m, taxable profits of Flexello Castors and Wheels advanced from £364,508 to £426,785 in the half-year to March 31, 1979.

In a forecast the directors said the current year had started encouragingly and they were looking for at least a modest improvement on the previous year's results of £709,000 (£596,000).

The interim dividend per 25p share is lifted from 1.155p net to 1.41p to reduce disparity. Last year's total was 3.342p.

Net profits are down slightly from £315,008 to £301,285 after an increased tax charge of £125,500 (£49,800)—comparison has been adjusted for SSAP 15.

Burnett & Hallamshire finishes £0.46m ahead at £3.53m

FOLLOWING A rise from £1.42m to £1.62m at halfway, taxable profits of Burnett and Hallamshire Holdings, mining, construction, commercial group, finished the March 31 1979 year at a record £3.53m, against £3.07m. Turnover rose £5.2m to £42.6m.

The directors state that, given the opportunities, they believe the company can produce another satisfactory result in the current year.

After tax of £892,000, compared with £768,000, and minorities, the attributable balance came through at £2.64m (£2.31m).

Earnings are shown at 52.46p (46.1p) per 25p share and the dividend for the year is stepped up to 3.2469p (2.87616p) net with a second interim of 1.65312p.

The directors intend to pay another dividend to bring the level into line with the group's policy of establishing a cover, by net profits after full tax charge, of not more than five times.

The mining division continued its excellent progress, Mr. Nigel Swiffen, chairman, states. The workload position continues to be healthy in the current year, and he feels more confident of the role that the division can play, both at home and overseas.

The performance of the construction sector, on a turnover 6 per cent up on last year, was disappointing in profit terms, the chairman says. The result was below expectations, but a recovery is anticipated in 1979/1980.

Mr. Swiffen says the commercial division progressed well; sales moved ahead 9 per cent together with a strengthening of margins, the improvement showed through in oil distribution, oil storage and polyurethane products.

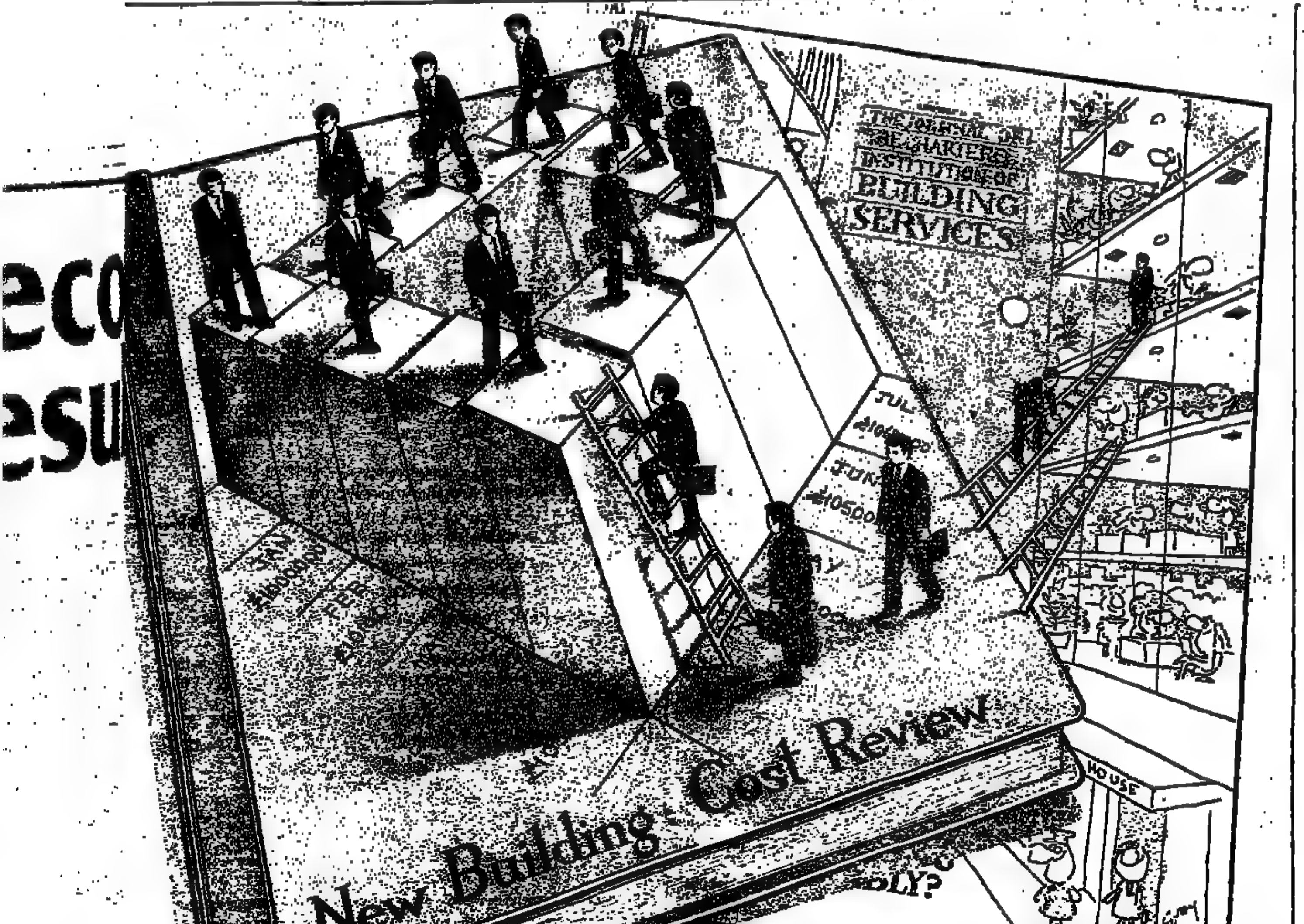
This side of the group should maintain its progress, he adds, particularly if the oil section is supported by the other trading areas within the division.

● comment

With pre-tax profits up 14.8 per cent and gearing down to its lowest level in eight years, Burnett and Hallamshire is eyeing potential acquisitions. The group is still considering expansion of its open-cast mining activities in the U.S. but it plans to bring the overall proportion earned by mining down significantly from the present level of almost 70 per cent. A step towards this goal was taken in April when Lowes Oil was acquired. Uncertainty surrounding energy supplies puts the group in a slightly fragile position, but there are few short-term worries. Oil price rises are being passed on while a policy of conservative growth in coal-mining should provide insulation against fluctuations in demand. A steady performance by the commercial and construction divisions is also helping to underpin the stated p/e of 7.1 at 370p—a more enticing figure than the 1.3 per cent yield. The group has, however, pledged to reduce its cover to five times fully-taxed, which would double the yield on last year's figures.

BRADFORD PROP.

The directors of Bradford Property Trust are proposing a scrip issue of one £1 preference share for every five ordinary 25p shares, and two ordinary for every one ordinary held. In yesterday's report the ordinary share scrip was incorrectly given as on a two-for-two basis.



BIDS AND DEALS

'Undesirable' for KCA chief to join Furness

BY JOHN MOORE

A FRESH attack has been mounted by Furness Withy, the British shipping group, against Mr. Paul Bristol and his company KCA International, which is trying to gain an influence over the affairs of Furness.

Mr. Bristol, KCA's chairman, is seeking board representation at Furness but Sir Jame Steel, the chairman of the shipping group, has told shareholders in a new letter that the appointment to the board is "wholly undesirable."

Sir James says in his letter that KCA's share price "has moved from a high point of over 150p in 1974 to its prsent level of around 35p. The net assets per share have likewise declined from 115p in 1973 to 43p at the date of the last balance-sheet.

"The boardroom of KCA does not seem to have been a settled place since Mr. Bristol took the chair in 1973. The record shows that, since that time, 24 people have served on the KCA board, Mr. Bristol and Mr. Orr-Ewing being the only two who have served continuously. During this period 18 directors have resigned.

"Mr. Bristol was originally chairman of Kingsnorth Marine Drilling," a company in which both KCA and Furness have an interest, "but in 1974 after disagreements with the board he was required by his colleagues to relinquish his position as chairman."

At a Press conference yesterday afternoon Mr. Brian Shaw managing director of Furness said: "Furness Withy doesn't need a whiz kid with a doubtful record on the board."

On Mr. Bristol's proposal to merge the oil service interests of the two groups Sir James tells shareholders that "Mr. Bristol has now submitted outline proposals for a new joint company which he suggests should invest £55m by theend of 1979 in the acquisition of two new land rigs, two new platform rigs and three new jack-up rigs. As the financial resources of KCA could not possibly support such an investment, the financing would have to be borne by your company."

On Mr. Bristol's proposal that Furness should buy Eurocanadian Shipholdings' 37 per cent stake in Manchester Liners, a Furness subsidiary, Sir James said that the group was "at all times ready to discuss reasonable proposals," but so far the price suggested by Eurocanadian's chief executive, Mr. Frank Narby, was "unrealistic."

Commenting on Mr. Bristol's suggestion that he might put together a package to make a bid for Furness if his resolutions are not successfully carried at Furness's AGM next week, Mr. Shaw said: "If he can find a crock of gold under his bed we would consider any bid on its merits."

Meanwhile, Furness reports that it has received a large number of shareholders' proxy support against the resolutions of Mr. Bristol.

LEGAL & GENERAL

Legal and General Assurance and Andrew Weir Insurance announce that the existing arrangement for the pooling of the marine and aviation business of the two companies, through the agency of Andrew Weir, will terminate by mutual agreement on December 31, 1979.

Then each company will underwrite its own account. Existing business on renewal will be the responsibility of the company in whose name it is currently written.

HOSKINS BUYS CSM PLATING

Hoskins and Horton, the Birmingham-based hospital equipment supplier and building contractor, is paying £460,000 cash for CSM Plating, which handles the polishing and plating of metals.

In the year ended March 31, 1979, CSM had sales of £376,286 and pre-tax profits of £82,934. Net tangible assets on March 31 were £170,042.

Hoskins says the acquisition will give the group control of an important service to one of its principal subsidiaries and believes CSM can achieve further expansion of its sales outside the group.

HEINZ PURCHASE

H. J. Heinz Company has acquired the assets of the Country Kitchen Foods mushroom business in the UK from the Clorox Company of Oakland, California.

Country Kitchen operates a farm and canning plant at Avon, Somerset and a farm at Market Harborough, Leicestershire. The group markets fresh mushrooms to the retail trade and canned mushrooms primarily through catering channels.

The purchase consideration will be paid in cash and amounts to less than 15 per cent of the net tangible assets of H. J. Heinz.

F. H. Lloyd down £1.7m and strikes hit current year

WITH BAD weather and the transport strike adding to operating difficulties in the second half, pre-tax profits of F. H. Lloyd Holdings for the 52 weeks to March 31, 1979 fell from £5.16m to £3.42m, on reduced external sales of £63.51m compared with £66.62m. The decline was largely attributable to its principal foundry company, F. H. Lloyd and Co.

Sales and trading profits—down at £3.44m (£4.58m)—were split between foundries and steel divisions, £36.65m (£40.08m) and £1.77m (£2.97m), and engineering and steel, £26.86m (£26.54m) and £1.67m (£1.61m) respectively. The pre-tax result was struck this time after redundancy payments of £625,000.

	1978-79 £000	1977-78 £000
External sales	63,510	66,622
Trading profit	3,440	4,582
Severance payments	625	—
Other income	304	213
Interest payable	170	185
Assoc. profit	467	546
Profit before tax	3,416	5,156
Taxation	800	1,821
Net profit	2,616	3,335
To minorities	106	65
Extraord. credits	291	—
Leaving	2,801	3,270

The year's results, the group's strong liquid position and anticipation of the future benefits of the new mini-mill and improving foundry efficiency, lead the directors to recommend a final dividend of 4.4729p net, which raises total payment from 5.3673p to 6.1229p per 25p share, on lower earnings of 10.4p (13.6p).

Mr. R. H. Foster, the chairman, warns that the current trading period, like last year, has already been affected by serious unofficial strikes.

He says the continuing depressed markets for castings and re-rolled products, together with the problems of major plant installations, means that the remainder of 1979-80 will not be an easy period.

However, the group is to make every effort to maintain its profitability in the current year and with the commissioning of the new mini-mill in autumn, 1980, a progressively improving trading position from that time is anticipated.

The group intends, as finances become available, to develop some of its considerable land resources, and is planning the construction of an office block adjacent to John Bagnall at Wednesbury for leasing on a long term basis. This will also provide main access to other surplus land on that site ready for further development.

The group envisages being able to provide from its own resources and its bankers the approximate £7m required for the complete mini-mill project, and foundry improvements. The latter will now proceed at a reduced rate and over a longer time cycle, commensurate with the market for steel castings.

● comment

Probably the only encouraging facet of a very disappointing year at F H Lloyd is the decision to raise the dividend to the point where a yield of 14.4 per cent at 68p looks attractive. But the effects of a severe castings recession — orders taken nationally are only 65 per cent of the 1974 levels—has hit profits which tumbled by 21 per cent before exceptional items. Perhaps there may be some comfort to be drawn from the fact that the 29 per cent shortfall at the interim stage has been pared back to a 16 per cent reduction in the second six months but Lloyd is resigned to a flat foundry performance in the foreseeable future. Engineering and steel re-rolling appear to be holding their own but the mini-mill's contribution is likely to be hindered once again by rising scrap prices. The new £7m mini-mill, budgeted to come on stream in the autumn of 1980, will boost the drive into higher value casting but, in the meantime, a fully taxed p/e of 9.9 (ignoring extraordinary costs) takes second place to income considerations.

MINING NEWS

Woodsreef wet asbestos hope

BY KENNETH MARSTON, MINING EDITOR

CANADA'S Woodsreef Minerals has concluded an agreement with its Australian subsidiary Woodsreef Mines to earn up to 90 per cent of the subsidiary's interest in a wet process for mining, milling and producing asbestos fibres developed in Australia.

Tests on the wet process conducted at the facilities of an asbestos cement products manufacturer have proven successful, and a wet mill will be built to produce fibre for similar testing by Woodsreef's other customers around the world.

Woodsreef says that the Australian Government, which made a grant of 50 per cent of the research and development costs for the Woodsreef wet process, is expected to make a similar 50 per cent grant in respect of the construction and operational costs of the wet mill.

DIVIDEND FUNDS FOR BERALT

Funds for the payment of a 1979 dividend to shareholders of Beralt Tin and Wolfram, out of the dividend paid from the 197[illegible] operations of the Portuguese operating subsidiary, has started to flow.

The Portuguese authorities have consented to the parent company's share of the [illegible] (£1.14m) declared by the subsidiary being remitted to London.

The remittance will take place in six monthly instalments and the first instalment is [illegible] being sent. Beralt is holding its earlier indication of a dividend to be paid before the end of the year.

In 1978, Beralt had net profit of £2.1m and this year earnings should be satisfactory, [illegible] Stopford Sackville said. Production at the Panasqueira mine for the five months to the end of May was running ahead of [illegible] despite some industrial action which accompanied negotiations for this year's wage increases.

Output from Borralha, [illegible] latest Beralt acquisition [illegible] Portugal is on target, while [illegible] markets for both wolfram and ferro-tungsten are stable.

Armstrong offer 'inadequate'

Armstrong Equipment's 1.8m bid for Jenks and Cattell is "opportunist" and "completely inadequate," it was claimed yesterday.

Urging shareholders to reject the 81p per share cash offer and the share alternative, the directors of Jenks and Cattell put forward a number of arguments to support their view.

At the same time Jenks announced interim pre-tax profits £44,000 lower at £71,000, a figure which the Board points out is substantially reduced by a high interest charge. At the operating level before interest, exceptional items, and taxation, profits were £160,000 (£148,000).

For the year to July 31 the company forecasts profits before tax of about £300,000, against pre-tax profits last time of £240,000, and promises a total gross dividend of 5.71p (4p net) an increase of 109 per cent on the total in 1977-78.

In rejecting the Armstrong offer, the directors of Jenks say they can see no commercial logic for their company in the proposed takeover.

They argue that the benefits of recent capital spending are now showing through, productivity has improved, excessive stocks and borrowings have been reduced, and new management control systems have been introduced.

Net assets, they calculate, including a £294,000 write-back for defered tax, were worth 161p per share at July 31, 1978.

UTD. SCIENTIFIC BUYS NI-TEC

United Scientific Holding is to purchase Ni-Tec Inc., Chicago, U.S.—for a maximum price of $8.5m (£4.23m) payable over two years.

Ni-Tec design and manufacture second generation image intensifier tubes for night vision equipment, and complete night vision instruments.

The company produced profits of about $1m in 1977. Pre-tax profit for 1978 was about $500,000.

However the board says this is unrepresentative, being brought about by disruption caused by a move into new premises.

Profits for the current year are expected to exceed $1m on turnover of about $13m.

In November 1977 United paid £2m for an 80 per cent stake in Optic Electronic, a U.S. company which manufactures night vision equipment. Since then, United says, "the proportion of orders within the group coming from night vision equipment has become a significant part of output."

DAWNGRANGE

Following the bid for Jackson Bourne End in March, Dawngrange, has sold its 29 per cent stake to its parent Rossminster. The parent holds another 29 per cent in its own right.

KING & SHAXSON

A 3.3 per cent stake in King and Shaxson has been transferred out of the joint 19 per cent holding administered by the directors. There has been no change in the beneficial ownership of the 299,000 shares. They are now to be administered through a nominee account.

Henlys sees 'acceptable result'

PRE-TAX profits of Henlys, motor car dealer, fell from £2.54m to £2.13m for the half year ended March 31, 1979, after higher interest of £721,000 against £446,000. Turnover went ahead from £90.2m to £100.5m.

Although the group may not match last year's record £5.7m, the directors are nevertheless confident of an "acceptable result" for the full period.

Earnings per 20p share are shown as 9.6p (11.9p) and the interim dividend is maintained at 3p net—last year's final payment was 5.71p.

Attributable profits for the year were higher at £1.57m compared with £1.45m, after tax £806,000 (£1.19m), and an extraordinary credit of £241,000 (£98,000).

The directors state that expectations of the market as a whole are that new vehicle sale volumes will at least parallel 1978, and a sound basis therefore exists for satisfactory figures from motor trading regions.

● comment

Henlys has achieved better volume despite the effects of the transport strike and a harsh winter but competitive pressures on BL dealership margins have plainly intensified as product availability improved. The results from ancillary activities are expected to progress, despite difficulties in the national construction and agricultural equipment market, and the group is confident that its used car pricing is sufficiently conservative to offset the effects of any flood of ex-lease vehicles this autumn. New car registrations may hold up this year—over 200,000 vehicles are expected to be sold this August—but that may not be enough to maintain profits. The fully taxed historic p/e is 5.2 which probably anticipates some shortfall but the 1977-78 yield of 12.6 per cent is a clear five points over the sector average. The shares dropped 8p yesterday to a new annual low of 108p but on income considerations, if for no other, this weakness has probably run its course.

Duple up £370,000 midway

A GOOD performance by the coachbuilding division lifted pre-tax profits of Duple International, the coachbuilding, plastics and engineering concern from £1.09m to £1.46m in the half-year to February 28, 1979, on increased turnover of £10.26m, against £8.74m.

The directors say a record number of coach bodies have been delivered in the six months.

They add that the current order book is generally satisfactory, and they expect record results for the year. Last time profits surged to a best-ever £3.08m (£1.35m).

The rate of increase in the second half will be affected by rising costs of materials, they add.

After tax of £757,000 (£568,000), stated earnings per 5p share are higher at 1.7p compared with 1.27p.

There is a further interim dividend of 0.4102p—the interim of 0.337p (0.33p) was paid in January. And the board forecasts a final of not less than 0.586p gross. Last year's total was 0.663p.

● comment

Duple's profits are at the top end of market expectations and reflect the continued strength of the coachbuilding divisions—accounting for some 75 per cent of the overall figure. Volume was up with demand coming from both private operators and the public sector, and margins benefited from the addition of "extras" to basic lines. The plastics division was about level with last year but engineering, which underwent a major reorganisation in 1976, was disappointing. The gains from the changes are taking longer to flow than anticipated. The company is a little cautious about the rest of the year but overall expects higher profits. The shares held steady at 25p yesterday where the prospective fully taxed p/e (assuming a figure of £3.75m) is 5.7 and the yield is 8.7 per cent.

Cocksedge finishes lower

DIFFICULT trading conditions, particularly in mechanical engineering, helped depress taxable earnings at Cocksedge (Holdings) in the second half of the year to March 31, 1979. This left full-time surplus down from a peak £603,886 to £525,676 on turnover maintained at £4.14m, against £4.18m.

Mid-year profit was little changed at £296,544 (£298,240).

The difficult trading conditions persist in the current year but there has been a substantial order intake for construction and a stronger sales trend in steel stockholding is continuing, the directors say.

After tax of £193,568 (£194,598) the net balance was lower at £332,108, against £409,300.

A net final dividend of 3.9532p per 25p share lifts the total to 4.8357p (3.7936p).

Wheway Watson at £0.91m

DESPITE A virtually sta[illegible] second half, Wheway Wat[son] Holdings, chainmaker a[nd] engineer, finished the year [to] March 31, 1979 with the taxa[ble] surplus up 19 per cent fr[om] £765,688 to a record £910,4[illegible] Turnover was 17 per cent hig[her] at £14.45m, against £12.34m.

At halfway, profits were [illegible] ahead at £420,859 (£283,816), [illegible] the directors said the rate [of] increase in the second half [would] not match the percentage rise [in] the first six months.

The directors now consi[der] that further progress should [be] made in the current [year].

Basic earnings per 10p sh[are] are shown at 3.43p (3.09p) [and] 3.2p (2.88p) fully diluted. [A] net final dividend of 0.5547p [lifts] the total to 1.0047p compa[red] with 0.87845p adjusted for scrip and consolidation.

Tax took £227,363 (£181,3[illegible]) Retained profit came through [at] £479,708, against £416,956.

Tebbitt returning to profits

TAXABLE LOSSES of Tebbitt Group increased from £214,442 to £293,062 in 1978. The inclusion of extraordinary debits pushes up the attributable deficit to £582,338, against £206,898.

Dr. H. Fletcher, chairman, says the year's losses reflect heavy costs of reorganisation, which is now complete. Tannery capacity has been run down, and all activities in leather merchating, adhesives and engineering traded profitably in the first quarter of 1979.

The group has made an encouraging start to the current year, and the Board is confident that steady profitable growth will be achieved.

Extraordinary debits for the year totalled £289,256 (£25,863), and comprise: losses on the provisions for anticipated losses on disposals of fixed assets £120,708; redundancies and compensation payments £69,737; losses on disposal of redundant stocks £77,461; and other txtraordinary non-reucrring items £21,350.

Turnover was up from £1.63m to £1.81m. Losses per 10p share are shown as 4.32p (4.73p). There is again no dividend—the last payment was 0.67p in 1973.

The chairman explaining that, under SSAP 14, the results do not include the 1978 profits of Safecastle and its subsidiary, Heyman Construction, the acquisition of which was completed this January.

M & S forecasts profit from Canada

Despite a first quarter loss which was heavier than expected, Marks and Spencer Canada is forecasting a profit for 1979.

At the annual meeting, Sir Marcus Seiff, chairman, said that reduced losses from Marks and Spencer stores and higher profits from the People's and D'Allaird's chains should improve the company's earnings this year.

He explained that M and S ordered too little merchandise too late in the first quarter. He attributed the problems to "a lack of experience in the Canadian market."

Anglia TV rises midway

PRE-TAX profits of Anglia Television Group rose from £1.96m to £2.02m for the six months ended April 30, 1979, after a lower Exchequer levy of £1.33m, against £1.58m. Profit for the previous year was a record £3.53m.

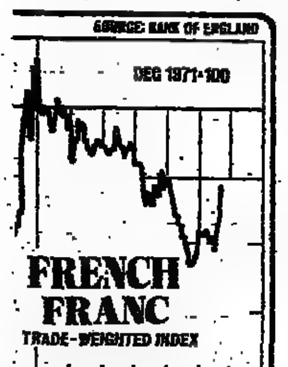
Earnings for the half year are shown ahead from 6.7p to 7.11p per 25p share and the interim dividend is effectively raised to 1.572p (1.392p) net—last year's adjusted final payment was 1.7525p.

Turnover for the period advanced from £9.79m to £11.02m

CURRENCIES, MONEY and GOLD

Dollar weak

The dollar continued to lose ground yesterday but recovered some of its earlier losses during the afternoon. The switching out of dollars which started on Tuesday continued yesterday along with some fairly substantial liquidation of long positions. Yesterday's weaker trend appeared to mark the renewal of fears over U.S.



inflation and money supply as well as the more recent moves towards lower interest rates. Later in the day heavy demand for the U.S. unit, mainly from the U.S., helped the dollar to recover from its worst levels.

Against the D-mark it finished at DM 1.8640 against DM 1.8675 on Tuesday, after slipping during the morning to DM 1.8560. In terms of the Swiss franc it fell to SwFr 1.6740 from SwFr 1.6825. The Japanese yen was slow to react to the dollar's weakness and the latter was quoted at Y218.80 compared with Y219.925 previously.

On Bank of England figures, the dollar's trade-weighted index fell to 85.8 from 86.0.

Sterling remained firm, reflecting a general switch back into sterling after Tuesday's trade figures. It opened at $2.1215-$2.1225 and eased initially to $2.1170-2.1180 before improving on dollar weakness. However during the afternoon, when the dollar began to recover, the pound improved further, buoyed by high interest rates, to close at $2.1325-2.1335, a rise of 95 points from Tuesday. Sterling's improvement was reflected in its trade-weighted index which rose to 68.6 from 68.2, having stood at 68.4 at noon and 68.3 in the morning.

FRANKFURT — The dollar's fixing level of DM 1.8597 was sharply lower than Tuesday's figure of DM 1.8740 and was its lowest level since mid-March this year. The Bundesbank bought around $30m in an effort to arrest the decline. Outside the fixing the Bundesbank gave active support to the U.S. unit, in heavy trading.

BRUSSELS — The Belgian franc continued to improve against the D-mark and the dollar but eased against other currencies.

MILAN — The lira gained sharply against the dollar, reflecting the general weakness of the latter, but lost ground to other EMS currencies.

TOKYO — The dollar lost ground against the Japanese yen yesterday and closed at Y219.125 compared with Y219.925 on Tuesday.

The U.S. unit eased to Y218.50 but started to recover soon after and reached a best level of Y219.30. Demand for the dollar was partly explained by the settlement of import bills. Better than expected trade figures for the first 10 days of June may well see an improvement in the yen as the market had feared a slight worsening in Japan's trading position.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU June 20	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.4138	+2.42	+1.66	±1.53
Danish Krone	7.08592	7.25617	+2.40	+1.65	±1.635
German D-Mark	2.51064	2.76231	+1.53	+0.77	±1.1325
French Franc	5.79831	5.84373	+0.78	+0.03	±1.35
Dutch Guilder	2.72077	2.76731	+1.53	+0.77	±1.5075
Irish Punt	0.662638	0.66479	+0.58	−0.18	±1.665
Italian Lira	1148.15	1134.55	−1.18	−1.18	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

June 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1170-2.1350	2.1325-2.1335	0.80-0.70c pm	4.22	1.87-1.77 pm	3.41
Canada	2.4940-2.5050	2.5030-2.5050	0.74-0.64c pm	3.31	1.78-1.68 pm	2.76
Nethlnd.	4.33-4.37	4.35¾-4.36¾	3-2c pm	6.88	6½-5½ pm	5.60
Belgium	63.30-63.75	63.63-63.73	28-18c pm	2.45	73-63 pm	4.27
Denmark	11.36-11.45½	11.45½-11.46½	3-1ore pm	2.09	4½-2¼ pm	1.22
Ireland	1.0450-1.0550	1.0515-1.0525	15-25p dis	−2.28	62-72 dis	−2.55
W. Ger	3.94-3.99	3.97-3.98	3½-2½pf pm	8.68	8¾-7¾ pm	7.92
Portugal	104.00-105.10	104.80-105.10	30-90c dis	−6.85	125-225 dis	−6.67
Spain	138.75-140.90	140.65-140.90	70-20c pm	3.84	90-40 pm	1.65
Italy	1,732-1,792¾	1,790¼-1,792¾	4½-2¾ lire pm	2.43	4-2 pm	0.67
Norway	10.87½-10.95½	10.94½-10.95½	6¼-4¼ore pm	5.75	14¾-12¾ pm	5.02
France	9.16-9.23	9.21½-9.22½	4-3c pm	4.55	8¼-7¼ pm	3.36
Sweden	9.13-9.20½	9.19½-9.20½	4½-2½ore pm	4.56	9½-7½ pm	3.89
Japan	462-468	466¾-467¾	3.90-3.65y pm	9.71	9.95-9.55 pm	8.36
Austria	29.00-29.35	29.20-29.25	21-11gro pm	6.57	48-38 pm	5.89
Switz	3.54½-3.59	3.56½-3.57½	4½-3½c pm	13.87	12-11 pm	12.86

Belgian rate is for convertible francs. Financial franc 65.95-66.05c pm. Six-month forward dollar 2.94-2.89c pm. 12-month 5.00-4.90c pm.

THE DOLLAR SPOT AND FORWARD

June 20	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1170-2.1350	2.1325-2.1335	0.80-0.70c pm	4.22	1.87-1.77 pm	3.41
Ireland†	2.0220-2.0275	2.0220-2.0270	1.15-0.85c pm	5.93	2.90-2.80 pm	5.43
Canada†	84.98-85.17	85.14-85.17	0.07-0.05c pm	0.84	0.15-0.12 pm	0.63
Nethlnd	2.0375-2.0480	2.0460-2.0480	0.42-0.32c pm	2.17	1.10-1.00 pm	2.05
Belgium	29.81-29.89	29.87½-29.89	2½-1c pm	0.70	7-5 pm	0.80
W. Ger	1.8570-1.8625	1.8615-1.8625	0.75-1.25ore dis	−2.23	2.75-3.25dis	−2.23
Denmark	5.3410-5.3750	5.3735-5.3750	0.72-0.62pf pm	4.31	2.24-2.14 pm	4.70
Portugal	49.15-49.30	49.15-49.25	35-45c dis	−9.76	90-130 dis	−8.94
Spain	66.00-66.03	66.00-66.03	5-15c dis	−1.82	23-33 dis	−1.70
Italy	839.75-840.40	840.00-840.50	1.50-2.00 lire dis	−2.50	4.25-5.25dis	−2.26
Norway	5.1175-5.1310	5.1300-5.1310	0.60-0.20ore pm	0.94	2.55-2.15 pm	1.83
France	4.3100-4.3250	4.3225-4.3250	0.20-0.10c pm	0.42	0.25-0.05 pm	0.14
Sweden	4.3040-4.3170	4.3160-4.3170	0.15ore pm-0.05dis	0.28	0.50-0.30 pm	0.37
Japan	218.05-218.95	218.75-218.95	1.05-0.95y pm	5.48	2.75-2.65 pm	4.93
Austria	13.66½-13.67½	13.72-13.73	3.25-2.25gro pm	2.40	10-7 pm	2.48
Switz	1.6715-1.6740	1.6730-1.6740	1.35-1.30c pm	9.50	4.00-3.90 pm	9.44

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

June 19	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.606865	0.637680
U.S. $	9½	1.27789	1.34143
Canadian $	11¼	1.50374	1.58061
Austria Sch.	3¾	17.6408	18.5252
Belgian F.	9	38.4586	40.4005
Danish K.	8	6.91670	7.25043
D mark	4	2.39383	2.51532
Guilder	7	2.63142	2.76268
French Fr.	9½	5.56431	5.84527
Lira	10½	1078.18	1132.17
Yen	4¼	280.896	293.572
Nrwgn. K	7	6.59516	6.92581
Spanish Pes.	8	84.3231	88.5612
Swedish Kr.	6½	6.54132	6.81577
Swiss Fr.	1	2.15268	2.27104

CURRENCY MOVEMENTS

June 20	Bank of England Index	Morgan Guaranty changes %
Sterling	68.6	−36.2
U.S. dollar	85.8	−7.6
Canadian dollar	80.6	−17.6
Austrian schilling	146.5	+19.0
Belgian franc	113.5	+13.5
Danish kroner	115.7	+2.5
Deutsche Mark	151.0	+42.3
Swiss franc	197.5	+82.8
Guilder	123.5	+18.8
French franc	88.9	−7.0
Lira	54.6	−49.1
Yen	151.7	+30.4

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

June 20	£	$		£ Note Rates
Argentina Peso	2753-2775	1290-1300	Austria	28¾-29¾
Australia Dollar	1.9090-1.9130	0.8955-0.8975	Belgium	65½-66¼
Brazil Cruzeiro	54.43-55.45	25.55-26.00	Denmark	11.55-11.45
Finland Markka	8.37-8.38	3.9260-3.9280	France	9.12-9.22
Greek Drachma	77.672-79.546	36.44-37.32	Germany	3.90-4.00
Hong Kong Dollar	10.87-10.88¾	5.1160-5.1190	Italy	1,745-1,785
Iran Rial	153.50-160	72.75	Japan	457-467
Kuwait Dinar (KD)	0.582-0.592	0.2774-0.2775	Netherlands	4.30-4.40
Luxembourg Frc.	63.65-63.75	29.85-29.87	Norway	10.80-10.90
Malaysia Dollar	4.6625-4.6685	2.1885-2.1895	Portugal	100-104
New Zealand Dlr.	2.0170-2.0230	0.9450-0.9490	Spain	137-140
Saudi Arab. Riyal	7.15-7.23	3.3900-3.3910	Switzerland	3.50-3.60
Singapore Dollar	4.6615-4.6625	2.1875-2.1885	United States	2.1100-2.1200
Sth. African Rand	1.79-1.80	0.8395-0.8445	Yugoslavia	39½-42½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

June 20	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.133	3.975	466.8	9.224	3.570	4.363	1792	2.504	63.68
U.S. Dollar	0.469	1.	1.864	218.8	4.324	1.674	2.045	840.0	1.174	29.85
Deutschemark	0.252	0.537	1.	117.4	2.320	0.898	1.097	450.8	0.630	16.02
Japanese Yen 1,000	2.142	4.570	8.516	1000.	19.76	7.649	9.347	3839.	5.365	136.4
French Franc 10	1.084	2.313	4.310	506.0	10.	3.870	4.730	1943.	2.715	69.04
Swiss Franc	0.280	0.597	1.113	130.7	2.584	1.	1.222	501.9	0.701	17.84
Dutch Guilder	0.229	0.489	0.911	107.0	2.114	0.818	1.	410.7	0.574	14.60
Italian Lira 1,000	0.558	1.190	2.219	260.5	5.148	1.992	2.435	1000.	1.398	35.54
Canadian Dollar	0.399	0.852	1.587	186.4	3.684	1.426	1.742	715.6	1.	25.43
Belgian Franc 100	1.570	3.350	6.242	733.0	14.48	5.606	6.851	2814.	3.932	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.40-10.50 per cent; six months 10.35-10.45 per cent; one year 9.95-10.05 per cent.

June 20	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	14¾-15	10¼-10½	9½-10½	7-7¼	¼-⅜	5¼-5½	8-8½	13-17	—	3¼-4¼
7 days notice	14¾-15	10⅜-10⅝	9½-10½	7-7¼	⅛-¼	5⅜-5⅝	8-8½	15-16	10½-10¾	3½-4½
Month	14⅛-14⅜	9⅞-10⅛	10⅝-11¼	7⅞-8⅛	⅛-⅜	5⅜-5⅝	9¼-10	11½-12½	9⅞-10	4¼-4⅜
Three months	13⅞-14⅛	10⅜-10⅝	10⅝-11⅛	8⅜-8⅝	1-1⅛	5⅝-5⅞	9½-10¼	12-13	10⅜-10½	5⅝-5¾
Six months	13⅝-13¾	10⅜-10⅝	10⅝-11⅛	9¼-9	1⅛-2⅛	6⅛-6¼	10¼-10⅝	12½-13½	10⅛-10⅜	6⅛-6⅜
One year	12¾-13⅛	10⅛-10⅜	10¼-10⅝	9-9¼	2⅛-2⅜	6⅛-6⅜	10½-10¾	13-14	10⅛-10¼	6⅛-6⅜

Long-term Eurodollar two years 9⅞-10 per cent; three years 9¹³⁄₁₆-9¹⁵⁄₁₆ per cent; four years 9¹³⁄₁₆-9¹⁵⁄₁₆ per cent; five years 9¹³⁄₁₆-9¹⁵⁄₁₆ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

French money rate change

The Bank of France lowered its money market intervention rate to 8 per cent from 8¼ per cent yesterday. The authorities bought about FFr 1bn of first category paper under the terms of the tender announced yesterday. The Bank paid 8 per cent for the paper, compared with 8¼ per cent at the last tender in the middle of May.

At the same time the Bank of France has reduced the level at which it discounts one-month Treasury bills to 8 per cent from 8¼ per cent, while leaving the three-month and six-month rates unchanged at 8¼ per cent and 8⅛ per cent.

In the Paris money market day-to-day money rose to 8 per cent from 7¾ per cent, while period rates were unchanged at 8¼-8⅜ per cent for one month; 8½-8⅝ per cent for three-month; 8¹³⁄₁₆-9¹⁄₁₆ per cent for six-month; and 9⅛-9⅜ per cent for 12-month.

AMSTERDAM — Government disbursements over the next few days may cause the administration to invoke a special borrowing facility at the Dutch central bank, before tax payments and payments on a Government bond issue reverse the flow of money at the beginning of next month. By agreement with the Netherlands Bank the Government may borrow up to Fl 1bn in the 12 months to next February, to meet temporary cash shortages. The average amount borrowed at any one time must not exceed Fl 335m. The Government balance with the central bank totalled Fl 458.4m at the beginning of this week, compared with Fl 71m the previous week, but Government payments will soon deplete the Treasury balance.

Money market rates are expected to remain stable in the near future, despite the support given to the guilder by the central bank. Up to Fl 190m of the Fl 239.8m fall in the Netherlands Bank gold and foreign currency reserves last week was attributed to intervention to help the guilder.

BRUSSELS — The Belgian National Bank left its discount rate at 9 per cent yesterday despite the rise in short-term Treasury certificate rates and four-month bond papers on Tuesday.

GOLD

Further rise

Gold continued to improve in the London bullion market yesterday, and closed $⅞ an ounce higher at $281¼-282. The metal opened at $280¼-281 and at one point reached $282-282¾, only half a dollar below its all time high. However there did not appear to be any real activity in yesterday's market. The Krugerrand's premium over its gold content widened to 3.43 per cent from 2.98 per cent.

In Paris the 12½ kilo bar was fixed at Fr 40,950 per kilo ($295.31 per ounce) compared with Fr 40,950 ($295.26) in the morning and Fr 40,925 ($292.21) on Tuesday afternoon.

	June 20	June 19
Gold Bullion (fine ounce)		
Close	$281¼-282 (£131.9-132.2)	$280½-281¼ (£132.6-132.9)
Opening	$280¼-281 (£132.3-133.6)	$278¼-279 (£132.5-132.8)
Morning fixing	$280.70 (£131.939)	$279.25 (£132.623)
Afternoon fixing	$281.35 (£132.089)	$280.30 (£133.159)
Gold Coins, domestically		
Krugerrand	$289½-291½ (£135¾-136¾)	$288¼-290¼ (£136¾-137¾)
New Sovereigns	$72½-74½ (£34-35)	$72¼-74¼ (£34-35)
Old Sovereigns	$91¼-93¾ (£43-44)	$91½-93⅝ (£43¾-44½)
Gold Coins, internationally		
Krugerrand	$289½-291½ (£135¾-136¾)	$288¼-290¼ (£136¾-137¾)
New Sovereigns	$72½-74½ (£34-35)	$72¼-74¼ (£34-35)
Old Sovereigns	$91¼-93¼ (£43-44)	$91½-93½ (£43½-44½)
$20 Eagles	$402-407	$399-402
$10 Eagles	$225½-230½	$228-233
$5 Eagles	$158-162	$158-163

UK MONEY MARKET

Adequate credit supply

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

The only published figure day banks had little influence on trading in the London money market yesterday. The discount houses found a comfortable supply of funds throughout the day and the authorities did not intervene.

Bankers' balances were on target, and the market was helped by a small excess of Government disbursements over revenue payments to the Exchequer, and a small decline in the note circulation. On the other hand there was a small net take-up of Treasury bills to finance.

Market conditions today will depend heavily on the scale of applications for the two Government tap stocks on offer. Expectations yesterday pointed towards a probable large shortage developing in the money market.

Discount houses paid 12¾-13¼ per cent for secured call loans in the early part, with closing balances taken at 1½-3 per cent.

In the interbank market overnight loans opened at 13¾-14 per cent, and declined to 12½-12¾ per cent by early afternoon, before falling sharply to 2 per cent at the close.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

June 20 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	2-14	—	—	—	13½	1½-13½	—	—	—
2 days notice	—	—	14⅜-14½	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14⅝	14⅜-14½	—	14½	14⅝	13¼-13½	—	—	—
One month	14-13⅞	13⅞-14¼	13⅞-14⅛	14⅛-14⅛	14½	14⅜	13⅝	13⅞-13¼	13⅞-14	14⅛
Two months	14-13⅞	13⅞-14⅛	—	14⅛	14⅜	14⅝	13⅛-13⅝	13⅞	13⅞-13⅞	14¼
Three months	13⅞-13¾	13⅞-14	13⅞-13⅞	14	14¼	—	13⅝-13⅝	13⅞-13¼	13⅞-13⅝	14
Six months	13½-13	13⅞-13⅝	13⅛-13½	13⅛-12¾	13¾	—	—	—	12⅝	13½
Nine months	12¾-12⅝	12⅞-13	—	13-12⅝	13⅝	—	—	—	—	—
One year	12⅞-12⅞	12⅞-12⅞	12½-12¾	12⅞-12½	13⅛	—	—	—	—	—
Two years	—	—	12½-13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 12½-13⅛ per cent; four years 12½-13¼ per cent; five years 12⅞-13¼ per cent. Φ Bank bill rates in table are buying rates for prime paper. Buying rate for four-months bank bills 13⅝-13¾ per cent; four-months trade bills per cent.

Approximate selling rate for one month Treasury bills 13⅛-13⅜ per cent; two-months 13⅛-13⅜ per cent; three months per cent. Approximate selling rate for one-month bank bills 13¹¹⁄₁₆-13⅞ per cent; two month 13²¹⁄₃₂-13¾ per cent; three-month 13²³⁄₃₂-13⅞ per cent; one-month trade bills 14⅛ per cent; two-month 14 per cent; and three-month 13¾.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from June 1 1979. Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending per cent. Treasury Bills Average tender rates of discount 13.3909 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.5-11.75
Fed Funds	10.25
Treasury Bills (13-week)	8.97
Treasury Bills (26-week)	8.96

GERMANY

Discount Rate	4
Overnight Rate	5.55
One month	5.50
Three months	6.20
Six months	6.60

FRANCE

Discount Rate	9.5
Overnight Rate	8
One month	8.1875
Three months	8.5625
Six months	9

JAPAN

Discount Rate	4.25
Call (Unconditional)	5.375
Bills Discount (three-mth.)	6

IDRIS HYDRAULIC TIN LIMITED

Extracts from Statement of the Chairman, Mr. J. N. Savory, MBE

The gross profit for the year 1978 amounts to £271,466 from an output which was much reduced at 215 metric tons (1977—302 metric tons). This sharp fall in output and profit resulted, as forecast, from the lower grade of the tin bearing ground which we are now working. The full effect was however to some extent alleviated by a 13% rise in the price received for our ore, M$935 per picul compared with M$826 per picul in 1977.

The net profit after taxation amounts to £103,000 (1977—£152,521) and your Board has declared dividends totalling 8p per share (1977—12p per share) at a cost of £102,400 resulting in a negligible increase in the balance carried forward which now stands at £72,397.

As to mining operations, reserves in the South West Area were exhausted during May 1978, and thereafter mining was confined to the Central Area where a considerable amount of barren overburden had already been removed by dry-mining methods on a contract basis.

Operating expenditure was virtually unchanged in spite of a reduction in the amount of electric power generated due to drought conditions in the early months. But with a 6% increase in the total amount of ground mined, the cost per cubic yard came down from $1.47 to $1.38.

For mining reasons we are having to remove the old mine village, and in accordance with modern ideas, we have taken the opportunity to introduce a new house-ownership scheme under which 41 families have so far been removed to the new site.

During 1979 we shall continue mining at two units in the Central Area, a new scheme at Mine No. 2 having been brought into production in January on the final closure of the old paddock. Throughout the year contract stripping of barren overburden ahead of hydraulic operations will continue at the same rate at both mines.

Production for the first quarter of this year was 1,091 piculs, compared with 860 piculs for the corresponding period last year. However, overall results are expected to be very similar to those for the year under review.

How Grand Metropolitan has mended its ways

BY NICHOLAS COLCHESTER

ALTHOUGH a series of major takeovers in the early 1970s had severe repercussions for Grand Metropolitan, the hotels, brewing and leisure group, the acquisitive glint is now returning to the eye of its 69-year-old chairman and founder, Mr. Maxwell Joseph.

This month the company is raising £80m by means of a rights issue. It explained this move chiefly by reference to the need for capital spending on its existing businesses. But Mr. Joseph has since confirmed that the capital spending of Grand Met's operating divisions will be financed from their cash flow.

The rights issue, he explains, is to have "something in reserve" for the purchase of new businesses. Mr. Joseph is determined that new takeovers must be made possible without recourse to the heavy gearing *which almost* put his group onto the rocks in 1974-75.

Acquisition, especially with a property content, is really what Mr. Joseph *is all about*. "The hotels which Grand Met bought in the 1950s and 1960s were bought for chicken feed," he says. "Between 1950 and 1965 there wasn't a real estate man in the country who knew the *value of hotels*. I knew. I had a feel. After a time other hotel groups would come and ask me to value their hotels for them.

"You can't devise a *formula* to value an hotel," he adds categorically. "You need a feel *for the combination of property* value and profit. I know hotels. The last one I bought was the Hotel d'Angleterre in Copenhagen. *I knew the hotel* and I didn't need to visit it again. I knew £15,000 a room was right."

Mr. Joseph somehow manages to combine his entrepreneurial flair with chairmanship of a business which has an annual *turnover of £3bn. "I know my* limitations," he says. "I'm not a manager and I don't interfere —except in hotels. I keep an eye on the hotels side because I know the business."

"Otherwise, I personally *decide on property sales*," he continues. "We have 13,000 properties, as much as the largest property companies, and some 50 or 60 purchasers, or sales cross my desk every week. If they look right I let them *through but one in every* 20 or 30 I will inspect personally."

The fever chart of Grand Metropolitan's indebtedness tells how Mr. Joseph's eye for a bargain put Grand Met onto the critical list for a period in the middle of this decade. He admits today that this experience taught him a lesson and that never again will he "load the company with debt."

"I was bought up with cheap money," he explains. "I do not think anyone could have predicted that interest rates would *go from 6 per cent to 15 per* cent." Volatile interest rates hit Grand Met just as it moved into the most ambitious phase of its existence. Having expanded through the buying and development of hotels in *the 1950s and 1960s, the new* phase started with the purchase of Express Dairies in two parts in 1969 and 1970. In that deal Mr. Joseph produced the mixture of borrowed money and convertible loan stock, which was *later to make the company's* gearing so formidable.

The Express deal was followed by the purchase of Mecca, Berni Inns (mainly for shares), Ron Nagle (Turf Accountants) and, "a business *I was determined to get into*," Grand Met's first brewery, Truman Hanbury and Buxton. This was followed by an epic struggle to take over Watney Mann. The payment in shares and convertible loan stock amounted to over £400m, the largest takeover deal ever clinched in Britain.

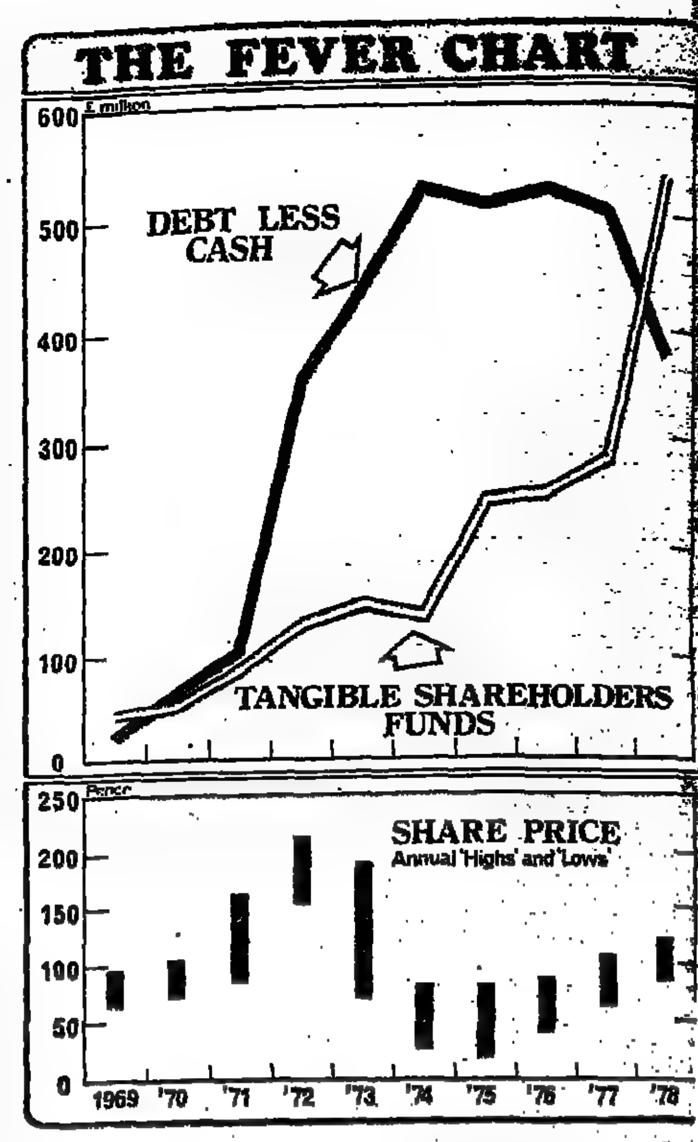
Mr. Joseph convinced himself that the price he paid for Watney was a fair one simply by totting up the property value *of its pubs and properties. But* he overestimated the quality of the management of the company and—*as with Truman and Express Dairies*—the debt incurred in buying was quickly enhanced by the borrowing *needed to meet existing capital* spending commitments.

The company's debt reached a maximum of £528m at the end *of 1974 when it was set against* shareholders' funds of £134m. During that year the stock market became increasingly perturbed by the way in which Grand Met's interest costs were eating into earnings. The shares *lost four-fifths of their value*. That in turn made Grand Met's convertible look less and less like delayed equity and more like debt.

Mr. Joseph says that there was never any pressure on him *from his bankers, but that he* was at one time wondering which part of the business he could sell to reduce Grand Met's indebtedness. *In the event the* widely predicted large sales did not take place. The company sold some of its smaller businesses. It was a net seller of hotels and pubs. And once the immediate requirements for *capital expenditure on the new* acquisitions had been satisfied, the company was able to keep its spending down to a level which could be funded from cash flow.

A fall of the interest rates and a rise of the stock market in 1975, caused the worries of institutional shareholders to evaporate. Grand Met, raised £28m by a rights issue in the autumn of 1975 and after the shares had been floated without difficulty Grand Met suddenly *became* a popular "recovery stock." Thereafter the share price was supported by consistent growth of profits, so that in 1976 £124m of convertible loan stock was converted easily into shares. As the chart shows this, together with a parti[al] property revaluation, put tan[g]ible shareholders' funds ba[ck] above debt for the first ti[me] since 1969.

Mr. Joseph says that th[is] experience "has not changed [my] attitude, though it may ha[ve] made me a bit more cautiou[s]." He is determined that, whate[ver] take-overs he now decides up[on] he will preserve "a sober de[bt] ratio." The company [has] already examined a number [of] possible acquisitions in [the] U.S. and elsewhere. But [Mr.] Joseph is not bent on invest[ing] in the U.S. at any price: ind[eed] he appears rather wary ab[out] it. "I understand the UK ma[r]ket," he explains, "it's unlik[ely] that I would ever be sold a [pup] in the UK. I know less about [the] U.S. and I don't like to rely [on] other people's judgment."



INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

U.S. Steel reaffirms plan to construct $4bn works

BY STEWART FLEMING IN NEW YORK

Mr. David Roderick, the recently-appointed chairman of U.S. Steel, the largest steel producer in the country, has reaffirmed the company's intention to build a large new facility at Conneaut, Ohio.

Confirming that the company has received a permit by the U.S. Corps of Engineers for the initial stages of construction of the new plant, which industry sources say could cost as much as $4bn, Mr Roderick said that the serious and complex problems which govern the economics of steelmaking will determine when construction gets under way.

Steel industry analysts have noted that in the past Mr. Roderick has appeared to be somewhat ambivalent about the new plant, and at times the company's enthusiasm for the project has appeared to be waning. The company has been debating the prospects of building a new greenfield plant for several years.

It has been suggested that because of past inadequate profitability and heavy borrowings, U.S. Steel would find it difficult to finance the plant.

Mr. Roderick remarked that the expected future economic growth of the U.S. and the implied demand for steel make it mandatory that new steelmaking capacity be built. He pointed out that the company is already dependent on imports for at least part of its steel requirements, and some studies suggest that dependence could double by 1985.

Others point out that U.S. Steel is saddled with substantial ageing and inefficient steelmaking capacity, and argue that the proposed Conneaut facility would not be net new additional capacity for the company but would be used to replace existing inefficient capacity.

It is thought that the first phase of the plant, costing around $4bn, would produce some 4m tons of raw steel a year. Construction might take five years, and since further environmental and regulatory permits are required the facility could not be completed until the late 1980s.

Asbestos takeover Bill passed

QUEBEC CITY — A Bill to expropriate the assets of Asbestos Corporation has now been passed into law by the Quebec legislature. The Quebec Government has indicated, however, that it will not move immediately to take over the company, which is 54 per cent owned by General Dynamics of the U.S.

Mr. Jacques Parizeau, Quebec finance minister, has said one final purchase offer has been made to General Dynamics and an answer is expected by the end of the month. Details of the latest offer have not been made public.

Mr. Maurice Taschereau, president and chief executive of Asbestos Corporation, said the passage of expropriation legislation will not have any immediate effect on the company's operations, but he declined to discuss what actions Asbestos would take if the expropriation powers are used.

Meanwhile, Mr. Yves Berube, natural resources minister, said the Canadian government is interested in acquiring not only the assets of Asbestos in Quebec, but also its operations in Nordenheim, eWst Germany.

Mr. Berube stated: "We are interested in really taking over the whole of Asbestos Corporation's operations because it is an introduction to the German market."

The acquisition would make Quebec the main supplier to Enternet, in West Germany, which he described as "the largest processor of asbestos in the world."

Quebec may never have to use its newly-acquired power to expropriate Asbestos, Mr. Berube added, because he feels General Dynamics will accept its final purchase offer.
Agencies

Owens-Corning sees downturn

TOLEDO — Owens-Corning Fiberglas Corporation expects earnings for the second quarter ending June 30 to be well below its earnings for both the first quarter of this year and last year's second quarter.

In the 1978 second quarter, Owens-Corning's earnings were $44.1m, or $1.03 a share on sales of $448.7m. In the first quarter of this year, net income was $32.3m, or $1.06 on sales of $502.3m.

Owens-Corning said that a less satisfactory economic environment for a number of its products, most notably residential insulation, had caused some major manufacturing units to be under-used during the current quarter, thus imposing a penalty on earnings.

The company said that these results were further influenced by additional depreciation taken on capacity increases made during the last year, and by significant charges for LIFO reserves as a result of higher materials costs.
AP-DJ

Accounting firms agree to merge

By Michael Lafferty

MAIN LAFRENTZ and Hurdman and Cranstoun, two leading U.S. accounting firms, have agreed in principle to merge. The move is regarded as the first link-up in a chain which will eventually stretch around the industrialised world, creating a major international accounting group.

The newly-merged U.S. firm, to be called Main Hurdman and Cranstoun, will have 80 offices, 475 partners and over 2,000 professional staff, with gross fees approaching $150m.

The significance of the U.S. merger lies in a plan revealed six months ago to create a giant European accounting group, with strong North American connections. Central to this strategy are Deutsche Treuhand, the second largest accounting firm in Germany, and Klynveld Kraayenhof, the largest firm in Holland. Both had been members of a loose European federation of accounting firms, which was damaged by the withdrawal of Turquands Barton Mayhew, the large UK accounting firm which recently merged with Whinney Murray.

The two continental firms are known to be enthusiastic about linking up with Thomson McLintock, another large UK firm, which itself is without a German associate following a merger in the German profession. Since Thomson McLintock is a member of the international group called McLintock Main Lafrentz, which includes Main Lafrentz, the plan was extended to the formation of a major international group.

Hurdman and Cranstoun, the U.S. firm which has been associated with Deutsche Treuhand and Klynveld Kraayenhof, then emerged as an essential part of the connection.

Rival bid for Florida Mining

MOORE McCORMACK Resources, the shipping and mineral resources concern, yesterday announced a rival $40 per share offer for Florida Mining and Materials Corporation, the Tampa-based producer of cement, concrete products and aggregate.

The bid tops the $32.50 per share offer announced on Tuesday by Kaiser Cement Corporation.

In a deal potentially worth $72.5m, Moore McCormack offered to buy all and any shares of Florida Mining before July 21. The company also revealed that it had already bought about 368,000 Florida Mining shares from directors of the company and their families. These purchases, together with agreements to buy about 160,000 more shares in the company, would give it a stake of 29.1 per cent, it said.

This is slightly less than the 31.8 per cent that Kaiser said it had purchased, or had agreements to purchase, from Florida Mining directors and their families.

Kaiser said after Moore McCormack's announcement that it was studying the situation and had no immediate comment.

Handleman decline

Handleman Company, distributor of records and tapes, blamed the decline of earnings and sales in the fourth quarter ended April 28 on a lack of new releases for customers, Reuter reports from New York. Net earnings were $836,000 or 19 cents a share against $1.84m (43c) on sales of $38.90m ($48.20m).

Monsanto withdrawal

Monsanto said that senior management recommends that it "implement an early withdrawal" from the nylon segment of the European fibre business, reports AP-DJ from St. Louis.

Echlin ahead

Echlin Manufacturing, the car components group, has lifted third quarter earnings from a corresponding $5.27bn or 36 cents a share to $6.33m or 40 cents a share, Reuter reports from New York.

Paccar/Harnischfeger

Mr. William I. Spencer, president of Citicorp, said yesterday that Citibank gave "no financial numbers and offered no financing" in Paccar's $178m takeover bid for Harnischfeger, Reuter reports from New York. Harnischfeger last week said in a U.S. federal court suit seeking an injunction against the bid that Citibank had misused confidential information.

Caesars opening

The New Jersey Casino Control Commission has granted Boardwalk Regency, a subsidiary of Caesars World, a certificate of operation to open 50 per cent of its gaming tables and about 67 per cent of its slot machines on June 26, AP-DJ reports from Atlantic City.

Finland bond issue

Finland is considering floating a $100m 10-year bond on U.S. markets, Reuter reports from Helsinki. The Finnish Finance Ministry said it was contemplating such an issue pending final negotiations in New York next week.

AMERICAN MEDICAL INTERNATIONAL

A private medicine pacemaker

BY DAVID LASCELLES IN NEW YORK

THE NEW Conservative Government's promise to boost Britain's private health service was good news for at least one big American corporation: American Medical International. Owner and operator of the prestigious Harley Street and Princess Grace clinics in London, AMI is also in the process of building three more hospitals in the UK to double its bed space there by 1981.

In fact its chairman, Mr. Royce Diener, is bullish about the prospects outside Britain, too. Returning from a recent visit to Europe, he said: "We believe our business will be the fastest-growing service industry in the 1980s. In most places you look there's an upswelling of the recognition that health care is politically popular and morally palatable."

Mr. Diener bases his optimism partly on the fact that national health services are turning increasingly to the private health industry to take some of the enormous load off their shoulders, and partly on the greater efficiency with which private enterprise can usually administer health care.

He claims that his company is being inundated with business inquiries, to the extent that AMI does not need to go out and sell its services. In fact, the company usually will not compete with others on a price basis. "We believe it is not a question of cost, but capability," said Mr. Diener.

AMI, based in Beverly Hills, California, is one of the largest companies in the still-fledgling hospital services industry. Although smaller in terms of revenue than Humana Incorporated, its hospital management and consulting services are, it claims, the largest in the world.

Founded as a laboratory company in 1957, it moved into the hospital business in the early 1960s when it bought two hospitals. "There was no body of knowledge on hospital management at the time," said Mr. Diener. "In a sense, we founded the industry and made it viable."

Growth thereafter was rapid, and by last year AMI's revenues approached half a billion dollars, with profits of $18.6m.

> American Medical has just announced that net earnings for the first nine months of this year have risen from $1.74 to $2.23 a share

Today, the biggest segment of AMI is in the U.S., where it owns about 5,500 beds, mainly in the southern "sunbelt" states. But its business abroad, where at the latest count it owned four hospitals with 507 beds (in the UK, Switzerland and Australia), is its fastest-growing and most profitable.

Apart from hospital ownership, AMI is mainly concerned with supplying what Mr. Diener calls the software of the hospital business: the technology and expertise necessary to plan, build, equip and run medical establishments. AMI currently has some 600 hospital service contracts around the world.

The company's first contact with a client might be a request to prepare a feasibility study for a hospital as an opening step towards financing the project. AMI will then supervise the design of the hospital, let out the contracts and purchase the equipment for it. In this role, AMI has become one of the world's largest procurers of medical equipment, though not always on its own account.

In the later stages of the project, AMI hunts out and hires the medical and managerial staff (it has a pool of 15,000 trained personnel to draw from), and installs administrative systems using computer programmes it has developed. Finally, it opens the establishment, usually with a management contract for 10 years.

About half of its world-wide business is with governments, the rest with private organisations, including charities, investment groups and universities.

AMI is—not surprisingly—a firm believer in the superiority of the free enterprise system. According to Mr. Diener, most European national health systems have twice as many beds per head of population as the U.S. health care system, which is privately run. People in Europe also spend twice as long in hospital as U.S. patients.

He denies that this is because Americans get more perfunctory care than Europeans. "Access to the system and treatment are much faster in the U.S.," he claims. "We can also install systems more quickly."

AMI is wary of getting involved in politics. This is something that can easily happen, given the role that health care plays in society, and the fact that so many of AMI's clients are governments. "We are not interested in making any political points," said Mr. Diener. "We proceed very cautiously." In a conscious public relations effort amid the controversy over private health care in England, AMI offered to perform free operations on 25 heart patients from Liverpool.

Despite its caution, though, AMI has not been able to escape the heated debate in the U.S. about rising hospital costs. There has been criticism of the health care industry's fast-rising profits, and President Jimmy Carter himself has singled out hospital costs as a big contributor to the country's inflation rate.

AMI has put together a carefully-constructed response to these charges, arguing that much of the rise is due to the higher cost of hospital supplies and salaries, plus the high cost of complying with government regulations on health care. But it does not promise any slackening in the increase. As the quality of service improves, and as the proportion of old people in the population rises, costs are bound to go up, it warns.

Prices ease in unsettled Eurodollar market

BY OUR EUROMARKETS STAFF

EURODOLLAR BOND prices slipped a further ½ point in unsettled trading in the international securities markets yesterday.

The weakness of the dollar in currency markets and the size of the current issue calendar in dollar bonds, totalling more than $1bn of new flotations, prompted a marking-down of many prices.

In later trading, a Washington statement by Mr. Michael Blumenthal, Treasury Secretary, blaming the dollar's decline on a narrowing of interest rate differentials among the major nations, caused added investor caution.

Mr. Blumenthal added that a further narrowing of differentials is not expected, a comment taken in markets as indicating that the U.S. authorities will adhere to tight monetary policies and prevent any further softening in short-term U.S. interest rates.

Much of the recent rally of dollar bond markets in the U.S. and Europe had been based on expectations that a downward cycle in U.S. interest rates had now begun.

The $35m straight dollar bond issue for Gulf and Western was priced at 99½ by the leader Kidder Peabody, with indicated terms otherwise unchanged—a five-year bullet maturity and a coupon of 9¾ per cent.

The $125m issue of bonds with warrants for Hoechst was priced at par with indicated conditions otherwise unchanged—a maturity of ten years and a coupon of 6¾ per cent. The conversion price was set at DM 128 per share by the lead manager Dresdner Bank. The average price of the Hoechst shares between June 1 and June 12, 1979, was DM 124½.

In the Deutsche-Mark sector, prices of seasoned issues moved up across the board by an average of ½ point, with trading volume described by dealers as very satisfactory.

In Swiss francs, two convertible private placements are being arranged for Japanese companies. Union Bank of Switzerland has arranged a SwFr 70m five-year convertible for Pekisui Prefabricated Homes. Final terms include a coupon of 4¾ per cent with pricing at par.

Credit Suisse has arranged a SwFr 25m convertible for Aflcs Corporation. Final terms include a coupon of 4¼ per cent with pricing at par.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on June 20

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible] XW 9½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Avco O S Cap 10¼ 87	40	97½	98¼	−0¼	−0½	10.65
Bayer Int F XW 7¼ 89	200	86¼	85½	−0½	−0½	9.62
CECA 9¼ 8/-99	50	95½	96	−0¼	−0¼	9.85
Canada 9 83	400	98¾	99¼	0	+0¼	9.46
Canada 9¼ 88	350	98¼	99	0	+0¼	9.61
Canadian Pacific 9¼ 89	50	98¾	98¼	−0¼	−0¼	9.97
Comalco Inv E 10¼ 91	40	98¼	98¾	−0¼	−0¼	10.32
Dominion Bridge 10¼ 84	30	99½	100	0	+1½	10.31
Dow Chem O/S 9¼ 94	200	98¼	99¼	−0¼	−0¼	9.74
EIB 9¼ 98	125	94¼	95¼	+0¼	+0¼	9.92
EIB 9¾ 86	[illegible]	100¾	100¾	−0¼	−0¼	9.77
EIB [illegible] 99	100	100¾	101¼	0	+0¼	10.01
EIB 9¾ 87	150	101¼	101½	−0¼	−0¼	9.85
EIB 10 99	150	101¼	101¾	−0¼	0	10.08
Export Dv. Con 9.85 84	150	101¼	101¾	0	−0¼	9.69
Export Dv Cpn. 9¼ 84	100	97¾	98¼	−0¼	−0¼	9.74
E[illegible]nordinnans 9 86	50	96¼	96¾	0	−0¼	9.88
Finland 9¼ 86	100	97¾	98¼	−0¼	−0¼	9.90
GTE Fin. 9¼ 84	50	98¼	98¾	−0¼	−0¼	9.89
Gould Int. Fin. 9¾ 85	50	98¾	99¼	−0¼	−0¼	9.82
Hospital O/S 9 83	25	96¾	97¼	0	0	9.88
Hudson Bay Co 10 84	50	101	101¼	−0¼	−0¼	9.72
Itel Finance 9¾ 90	30	91¼	92¼	+0¼	+0¼	11.01
Itel Finance 10¾ 93	[illegible]	94	94¾	+0¼	0	11.31
ITT Antilles 9¼ 93	75	97¾	98¼	−0¼	−0¼	9.84
Manitoba 9¼ 99	75	97¾	98¼	−0¼	−0¼	9.83
New Brunswick 9¾ 94	75	97¾	98¼	−0¼	−0¼	9.99
Newfoundland 10 94	50	100¾	100¾	−0¼	−0¼	9.91
Norsk Hydro 9¼ 94	50	95¾	96¼	−0¼	−0¼	9.78
Norway 9¾ 84	150	101	101¼	−0¼	+0¼	9.62
Norway 9¼ 84	150	99¼	99¾	−0¼	−0¼	9.55
Nova Scotia Pwr 9¾ 89	50	98¼	98¾	−0¼	−0¼	9.97
Occidental Fin 10¼ 84	50	99¼	99¾	−0¼	−0¼	10.34
Pennwalt O/S F 9¾ 84	25	99	99¼	−0¼	−0¼	9.94
Portland 10 84	50	97¾	98¼	−0¼	−0¼	10.57
Quebec Hydro 10 99	75	96¾	97¼	0	−0¼	10.34
Redland Fin XW 9¼ 01	25	92¾	93¼	−0¼	−0¼	10.53
Sears Roebuck 9 83	[illegible]	98	98¼	−0¼	−0¼	9.74
Stockholm 9¾ 84	60	100¾	101¼	0	0	9.85
Sweden 9¾ 89	100	99¾	100¼	−0¼	−0¼	9.76
Sweden 9¼ 86	200	99¼	100	−0¼	−0¼	9.77
U.S. Leasing Intl 10 84	20	97¼	97¾	0	−0¼	10.64

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 9 84 SDR	20	[illegible]	97¼	0	0	9.70
Avco Fin. 10¼ 86 C$	25	96¾	97¼	0	0	[illegible]
Ex Dev Cpn. 10 84 C$	50	98	98½	−0¼	−0¼	10.19
Fst Can. Inv. 10 84 C$	50	98¼	99	−0¼	−0¼	10.33
Hudson Bay 10½ 89 C$	60	99¾	100¼	−0¼	−0¼	10.49
Quebec 10¼ 86 C$	50	98	98½	−0¼	−0¼	10.61
R Bk. Canada 10 89 C$	40	99¾	100¼	−0¼	−0¼	9.90
R. Bk Canada 10 84 C$	40	96½	97	−0¼	−0¼	10.43
Copenhagen 8¼ 91 EUA	25	97¾	98¼	−0¼	−0¼	8.50
Komm Inst. 7½ 93 EUA	15	95½	96¼	0	−0¼	[illegible]
Panama 8¼ 93 EUA	20	[illegible]	96	0	0	8.81
SOFTE 8¾ 89 EUA	[illegible]	95½	96¼	−0¼	−0¼	[illegible]
Algemene Bk. 6¼ 83 Fl	75	93½	93¾	−0¼	−0¼	[illegible]
CFE Mexico 7¾ 83 Fl	75	94¾	[illegible]	0	−0¼	9.33
EIB 7¼ 85 Fl	75	91½	91¾	0	−0¼	9.07
Ned Middbk. 6¼ 84 Fl	75	96¾	96¾	−0¼	−0¼	[illegible]
New Zealand 6¾ 84 Fl	75	90¾	91½	+0¼	−0¼	[illegible]
Norway 6¼ 84 Fl	100	97¾	98¼	−0¼	+0¼	[illegible]
Elf Aquitaine 9¾ 88 FFr	150	95¾	[illegible]	−0¼	−0¼	10.37
EIB 9¾ 88 FFr	200	96¼	[illegible]	−0¼	−0¼	10.34
Euratom 9¾ 87 FFr	150	96¾	97¼	−0¼	−0¼	10.39
Norway 9¼ 84 FFr	200	96¾	97¼	0	−0¼	[illegible]
PSA Peugeot 9¾ 87 FFr	175	[illegible]	96¼	−0¼	−0¼	10.44
Saint-Gobain 9¾ 86 FFr	130	96¾	97¼	0	−0¼	10.40
Solvay et Cie 9¾ 87 FFr	125	96¾	[illegible]	0	−0¼	10.34
Total Oil 9¾ 87 FFr	150	94¾	96¾	0	−0¼	10.30
Unilever 10 85 FFr	100	[illegible]	99¼	0	−0¼	10.14
CECA 9¾ 89 £	20	90¼	90¾	−0¼	−1¼	11.27
Citicorp 10 93 £	20	89¾	90¾	0	−1	11.42
EIB 9¾ 88 £	25	90¾	91¼	−0¼	−1¼	11.47
EIB 11½ 91 £	25	95¼	96¼	0	+0¼	12.19
Finance for Ind 13 91 £	15	100¾	101	0	−2¼	[illegible]
Gen. Elec. Co. 12¼ 89 £	50	98¾	[illegible]	−0¼	−1¼	[illegible]
Euratom 8 87 LuxFr	500	97¼	98¼	0	−0¼	[illegible]
Norges Km 8 86 LuxFr	500	96¾	97¾	0	−0¼	8.47
Oslo City of 8 89 LuxFr	500	97½	[illegible]	0	−0¼	[illegible]
Solvay Fin 8 85 LuxFr	500	[illegible]	[illegible]	0	−0¼	8.56
Swedish Bk. 8 88 LuxFr	500	96¾	97¼	0	−1¼	8.51

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible] Co M5 [illegible] 89	0¼	[illegible]	99¼	12/7	12.4	12.54
Banco di Roma M6 87	0¼	99¾	99¾	26/10	11.19	11.34
Bco El Salvador M8 83	1¼	96	95¾	12/10	12¼	12.84
Bco Nac Argent 7 86	0¼	97¾	98¼	22/9	11½	11.72
Banco Prov BA M7¼ 86	0¼	98¾	99	12/6	11	11.15
Banco Urquijo 6 86	0¼	97¾	98¼	21/9	11½	11.72
Bank of Tokyo M5¼ 93	0¼	99	99¼	18/10	11¾	11.84
Bq Ext d'Alg M7.5 85	0¼	95¼	95¾	2/11	11¾	12.43
BNP 5¼ 91	0¼	98¼	99	22/2	11¾	11.52
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Int Air 7¼ 93	4/79	14.5	86	87	−0¼	27.92
Thorn Int. Fin 7 98	11/78	3.67	128¼	129¼	+1	−2.29
Asahi Optical 3¼ DM	12/78	588	181¼	82¾	−0¼	8.57
Casio Co 3¼ 85 DM	11/78	841	184¼	85	−0¼	16.65
Fujitsu 5 84 DM	7/79	475	97¼	97¾	+0¼	18.11
Jusco 3¼ 86 DM	1/79	1154	180	81	+0¼	27.53
Kansai Elec 4 84 DM	4/79	1230	195¼	97¼	−0¼	21.17
Konishiroku 3¼ 85 DM	1/79	612	183¾	84¼	−0¼	17.87
Marudai Food 3¼ DM	2/79	1033	77¾	78¼	−0¼	35.88
Murata M 3¼ 86 DM	11/78	854	193¾	94¾	−0¼	3.56
Nippon Yen 3¼ 85 DM	1/79	751	121	121¾	+0¼	−0.53
Nissan Diesl 3¼ 86 DM	2/79	477	187¾	88¾	0	7.74
Olympus Op. 3¼ 85 DM	2/79	701	192¼	93	−0¼	1.26
Sharp Corp 3¼ 83 DM	2/79	487	79¾	90¾	+0¼	13.70
Stanley Elec 3½ DM	11/78	623	181¾	82½	+0¼	43.76
Tokyo Elec 3¼ 87 DM	4/79	476	190¾	90¾	+0¼	34.64
Tokyu Ld Co 4 86 DM	4/79	493	181¾	82¾	+0¼	14.55
Trio Kenwd 3¼ 89 DM	11/78	711	78¾	79¾	0	34.85

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

مكتبة الأسد

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Volvo and Valmet in tractor venture

By Lance Keyworth in Helsinki

VALMET of Finland and Volvo BM of Sweden have reached a draft agreement on co-operation in research and development, design, production and marketing of farm tractors. Final approval by the boards of the two companies is expected by the autumn.

The two companies are the leaders in tractor production in their respective countries and together have the largest share of the tractor market in Scandinavia. Their combined net sales of tractors in 1978 was about Fm 1bn ($250m).

They have also signed a letter of intent on the application of the present draft agreement to the production of forest machines, such as forwarders and processors.

Valmet and Volvo now plan to develop a new line of tractors for the 1980s. Valmet will be responsible for overall design, while the expertise of Volvo will be used in engine, transmission and cab design.

"Each party will be assigned the task it is best equipped to do," said Mr. Jaakko Ihamuotila, managing director of Valmet, yesterday. The new tractors will be assembled in Valmet's Suolahit works in mid-Finland.

The new venture will be managed by a joint company to be established in Eskilstuna, which will have a starting capital of SKr 40m, subscribed in equal shares by the two companies. It is not expected to produce "perceptible results" until the early 1980s.

Until the new tractor series has been developed, each company will continue to make its own existing models. Ultimately, the joint company—the name has not been registered yet—will be aiming also at markets outside Scandinavia.

Alfa Romeo seeking foreign links

BY PAUL BETTS IN ROME

ALFA ROMEO, the car manufacturing group of the Italian state IRI-Finmeccanica holding company, is seeking international partners for eventual joint ventures, Sig. Ettore Massacesi, chairman, said yesterday.

This is effectively a departure from the company's relatively insular policy of the past years, and reflects what Sig. Massacesi described as "the need to increase the group's productive volumes" to meet the challenge of rival car manufacturing groups.

Although preliminary talks had begun with a number of foreign and Italian groups, these had so far not been very encouraging, the Alfa Romeo chairman claimed. The company, he added, was also considering rationalising its manufacturing structure in the north and south of the country.

Sig. Massacesi also warned of the possible serious repercussions of the group's current strained labour relations in view of the renewal of the three-year *national* labour contract of the Italian engineering and metal-workers union.

In the first five months of this year, labour unrest at the group's plants had caused a 3.7 per cent drop in productivity, compared to the same period last year. Over the past years, Alfa Romeo and particularly the Alfa Sud subsidiary near *Naples have been crippled* by absenteeism and wildcat strikes.

Despite a relative improvement, Alfa Romeo and Alfa Sud remain one of the main loss-making sectors of the state IRI-Finmeccanica holdings company. The two companies' overall losses last year totalled L125.9bn ($149.3m), compared to L150bn in 1977.

To meet some of these losses, Alfa Romeo proposes to write down its capital from L250bn to L168bn and subsequently *increase it again to L250bn* through a fresh funding of some L82bn.

However, Sig. Corrado Innocenti, Alfa Romeo managing director, reported yesterday an improvement in the net turnover in the group's car sector. This rose by about 30 per cent to more than L1,200bn last year. Car production also increased from 201,000 vehicles to 220,000 last year.

* * *

MONTEDISON could shortly dispose of its U.S. subsidiary Novament Corporation (Wilmington). Discussions are "under way with a U.S. partner" the company has disclosed.

Rising oil prices are not expected to have a negative effect on the current programme of restructuring under way at *Montedison*, Italy's largest chemical company. This is despite the prospect of a continuing high usage of oil by the chemical sector.

Montedison is also seeing the first results of its *streamlining*, at least among the operations of the parent company. Losses here are being reduced with higher sales helping to compound the positive impact of rationalisation.

Group sales for the first four months of this year were running some 24 per cent ahead of the comparable 1978 period, shareholders were told at Tuesday's annual meeting.

First-half advance at PUK

By Our Financial Staff

SHARP GAINS in first half sales and profits lead Pechiney Ugine Kuhlmann, the French metals, engineering and chemicals group, to expect a substantial recovery in earnings during 1979.

After the first six months of this year, sales look as if they are running some 17 per cent ahead of the comparable 1978 period, M. Philippe Thomas, PUK president, told shareholders at yesterday's annual meeting. He added that profits were showing even sharper percentage increases.

Last year, PUK suffered a major setback as a result of losses in chemicals and reduced *earnings in the metals industry*. Net profits emerged at FFr 261m ($60m) at the attributable level, compared with FFr [illegible] in 1977.

Higher profits from light engineering and the overseas processing activities helped to offset the reduction in earnings from PUK's two problem areas. The higher profits accounted for some 97 per cent *of overall* pre-tax profits in 1978.

This year, according to M. Thomas, consolidated profits depend largely on a solution to *the current* difficulties in the special steels industry. Touching on the subject of dividends, he explained to shareholders that PUK would be adopting a policy of distributing something like 50 per cent of available earnings.

The group's sales in 1978 had moved up 6 per cent to FFr 27.6bn. Of the increase, three points had been accounted for by higher selling prices with the balance arising from actual gains in sales volume.

Aker sees reduced returns

By Fay Gjester in Oslo

NORWAY'S Aker shipbuilding group reports success in winning new orders during the first four months of this year, mainly offshore fabrication work for the Statfjord and Valhall fields in the Norwegian sector of the North Sea. This has reduced spare capacity within the group.

Even so, some Aker companies have been forced to reduce both staff levels and working hours and "prices are still being forced down significantly," says the four-month report. It foresees 1979 profits "somewhat lower" than in 1978 when income before extraordinary items totalled NKr 103.2m. Last year, after financial provisions, Aker emerged with a net deficit of NKr 12.5m ($3.42m).

Value of production in the period was down to NKr 679m from NKr 850m in January-April 1978, though man-hours worked fell by only about 4 per cent to 6.5m from 6.8m. Aker's labour force numbered 11,223 on April 30 this year, only 104 fewer than a year earlier.

Plans to reduce the number of jobs in the shipbuilding industry will not affect Aker employees directly to any great extent, says the report, since the group companies have already significantly reduced shipbuilding activities.

But it points out that the industry still employs 26,000 people, even though many of them are at present making other things than ships. It repeats the group's plea for accelerated development of the promising Norwegian North Sea block 34/10, and an early decision to order a third platform for the Anglo-Norwegian Statfjord field.

Bergens Mekaniske Verksteder (BMV), a member of the Aker group, and Lockheed Petroleum Services of Canada are meanwhile looking into the potential for a joint venture to develop encapsulated subsea systems and related services for the Norwegian offshore industry.

BMV says the move is in line with Norway's efforts to bring in foreign expertise to complement Norwegian know-how.

Earnings recovery for West German detergents producer

BY ROGER BOYES IN BONN

NET PROFITS of the Henkel group, one of West Germany's leading producers of detergents, cosmetics and household chemicals, jumped by over 19 per cent to DM 67m ($36m) last year, thus recovering much of the ground lost in 1977. Total world turnover rose by 4 per cent to DM 6.3bn.

Henkel has made see-saw progress over the past few years with profits rising from DM 27m in 1975 to DM 75m in the following year and dropping again in 1977 to DM 56m. Although the vagaries of foreign exchange rates and different investment levels have played their part, the central dilemma appears to be reconciling a dependence on demand with a distinct satiety in the domestic detergent market.

The company has tried to tackle this problem by extending its overseas operations and diversifying its range of goods on the German market. The balance between foreign and domestic sales has remained at a stable 50-50 level (with only minor fluctuations) over the *last four years*. But Henkel's consistently good sales outside Europe (sales in this area rose by 12 per cent last year) cannot conceal the fact that the domestic market remains noticeably sluggish (recording only a 1 per cent rise in turnover) and that European sales are also weakening with growth last year limited to 3 per cent.

The group is pinning hopes for domestic sales on glue and *adhesive production. Henkel is* now one of the largest manufacturers in Europe of these products, turning out adhesives for industry, and household use. *Turnover in this sector* has almost reached DM 1bn and thus accounts for one third of the chemical wing of Henkel. Henkel is keeping a roughly equal balance between the chemical side and the detergent (Persil is a Henkel product) and cosmetic brand products division.

Henkel blames currency deviations—that is the strength of the Deutsche Mark against the dollar—and political uncertainties in the Middle East and elsewhere for the slow growth in some of its overseas markets.

* * *

HAPAG-LLOYD, the West German shipping and travel concern, saw profits decline again last year and sees little sign of an early general improvement in business. But it is maintaining its policy of diversification and its tourism division in particular is doing well.

The company proposes to pay a 6 per cent dividend (down from 9 per cent in 1977) on net profits cut to DM 10.8m from DM 16.2m. Quite apart from *the doldrums affecting the world* shipping industry, Hapag-Lloyd stresses that the sharp fall of the dollar against the Deutsche Mark sharply reduced earnings.

Tourism sales increased from DM 486m to DM 570m last year and now account for more than one-fifth of total turnover. A further strong boost to this sector is likely now that the Federal Cartel Office has approved Hapag-Lloyd's take-over of Bavaria-Germanair, thus creating a strong new force in the holiday air charter business.

Sales gain leads Krupp nearer to return to profit

By Our Financial Staff

REPORTING solid sales gains for the first five *months of this* year, Fried. Krupp Huettenwerke yesterday told shareholders to expect an early return to profits.

The company has benefited from the recovery of the rolled steel market, especially during recent weeks, with order inflow increasing strongly. Herr Wilhelm Scheider, managing board chairman, declared. He explained to the annual meeting that the recovery had led to a higher capacity use in Krupp's factories.

After five months, 1979 sales were 8 per cent and crude steel production was 5.3 per cent ahead. However, seasonal factors "*will dampen business* during the second half, and raw material costs continue rising."

The rising share of special and stainless steel in shipments was *due to structural changes*, resulting in higher demand for this type of steel. Special and stainless steel were contributing more than 50 per cent of turnover. *Turning to the situation* in the European steel market, Herr Scheider noted that prices would show further increases during the rest of this year.

Order inflow in the rolled steel sector rose nearly 15 per cent during the first five months of 1979 over the year-ago period, with demand for special and stainless steel disproportionately large, Herr Scheider said. The steel manufacturing sector inflow of orders was up 16 per cent. Shipments of rolled steel were up 5 per cent, of special and stainless steel up 17 per cent and around 12 per cent higher in the manufacturing sector.

The company had proved to be "highly resistant" during the recent steel crisis and it was expected to return to profitability soon in generally improved economic conditions. "Krupp will return to dividend payments as soon as profits allow."

● Meanwhile, new orders for Brown, Boveri und Cie in the first five months of 1979 rose 8 per cent on the year-ago period, compared with the same 1978 period, according to Herr Hans Goehringer, *management board chairman*.

Domestic orders rose 27 per cent, while orders from abroad fell almost 24 per cent.

The West German economic upturn is lea[illegible] to increased domestic indu[illegible] demand for heavy-duty-elec[illegible] products but the benefit is being felt to a lesser extent in nuclear power station construction, he said.

RSV yard plans to specialise

BY CHARLES BATCHELOR IN AMSTERDAM

THE VDSM shipbuilding yard of the Rijn-Schelde-Verolme (RSV) group would concentrate on the assembly of large-scale offshore structures and specialised vessels such as gas tankers, according to a plan drawn up by the Economic Ministry.

This proposal, the broad outline of which has already been rejected by the unions, would mean that 665 of the yard's 2,470 personnel would have to find work elsewhere, while 220 would be placed in other jobs within the RSV group.

This would allow RS to maintain the skills of workers and would require a more unified approach to management and planning. It would, however, *reduce the yard's flexibility* to respond to shipbuilding demand, and mean that capacity would be maintained at several different sites.

The *unemployment problem* would be concentrated in one area, at Rozenburg, near Rotterdam. The financial advantages of the plan would be that it would cut hourly costs and allow various overhead sectors to be integrated. There would be a considerable capital loss caused by the shutdown of capacity, and transport costs between the different sites would be higher.

The unions' objection to the latest plan to save the loss-making new-construction division of the VDSM yard is that it would so weaken the yard's position that total closure would ultimately be necessary.

Under the proposals, the yard would cease to build complete vessels, but would assemble parts built at other RSV yards or at *other yards in the Netherlands*.

Mr. Gijs van Aardenne, Economics Minister, has not released any details of the amount *of aid needed for his plan*, but it is estimated at about Fl 300m ($143m).

VDSM's repair capacity is not affected by these proposals.

● Net assets of Dutch investment fund Rorento declined to Fl 2.89bn at the end of May *from Fl 3.35bn at the close of* the year ended February 28. Outstanding share capital also dropped—to Fl 26.52m ordinary shares from Fl 28.43m at the end of February.

The guilder share of Rorento's investments fell to 52.8 per cent in the quarter from 54.2 per cent at the end of February and the yen *share to 8.3 per cent from* 10.4 per cent. The D-Mark share rose to 28.7 per cent from 27.1 per cent and the dollar share to 5 per cent from 3.9 *per cent. These shares do not* take into account forward currency transactions.

As reported earlier, Rorento halved its previous 100 per cent *forward cover of dollar denominated* holdings against hard currencies during the quarter.

Improving outlook for Outokumpu

By Our Helsinki Correspondent

OUTOKUMPU, the Finnish state-owned mining and refining company, reports an improvement in profitability for 1978, despite world prices for its main products—copper, stainless steel, zinc and nickel—remains low for most of the year.

Sharply rising cobalt prices and the 129 per cent increase in the sales of the technical export division sustained the company's *overall performance*.

Turnover increased by 27 per cent to FM1.75bn ($433m), of which exports accounted for 78 per cent after taxes, transfers to the pension reserve and less than the permissible full depreciations. Outokumpu booked a net profit of FM 8.3m and declared a dividend of 7 per cent.

Belgian short-term foreign borrowing tops $1bn

BY JOHN EVANS

SHORT-TERM external borrowing by Belgium, which has been using foreign exchange reserves to defend its currency within the European Monetary System, has now reached more than $1bn equivalent.

Belgium began to borrow in the international banking market again in May, after a 10-year absence. The Treasury in Brussels confirmed to Reuters on Monday that borrowings had *risen to the equivalent of BFr* 3bn ($1.12bn), after further borrowings of around BFrs 4bn last week.

The latest borrowings had been mainly in Deutschemarks.

There seems little doubt that a portion of these borrowings have been used to support the franc in foreign exchange markets.

The size of the current Belgian debt operations is helping to create speculation that the Brussels Government will tap shortly the Eurocurrency markets for a longer-term credit, in order to consolidate its short-term borrowings.

While Belgium has denied that it will float a large loan of up to $2bn on the Euromarkets later this year, expectations are nevertheless increasing among private bankers that large borrowings on that scale will be needed shortly.

Belgium needs funds to help finance its growing state deficit and investment programme for ailing industries, as well as to defend the franc within the EMS, according to these bankers.

Finnish accounting law under attack

BY OUR HELSINKI CORRESPONDENT

A CRITICAL assessment of Finnish accounting principles has been made by the retiring managing director of the country's largest industrial company, the state-owned oil refiner, Neste.

Making his final contribution to the company's annual accounts, Mr. Uolevi Raade complains strongly of the distorting effects of Finnish accounting law. For its part, Neste is taking a fresh line on disclosure standards with Mr. Raade publishing for the first time a figure for undervaluation of stock.

Mr. Raade begins his statement by saying: "This is the last time that I shall be writing these comments as managing director," and claims the right therefore "to make my comments of a different principle from earlier ones." He notes that the distortion of Finnish accountancy law "generally gives a completely false and, from the nation's point of view, harmful picture of the financial situation of Finnish industry, especially as regards the relationship between equity and external capital.

"The figure for undervaluation of stock has not so far been published. This time we are publishing it, at the specific request of the auditors. It is FM 713.8m ($178m), a high figure by Finnish standards." Inventories are booked in the company's balance sheet at FM 1.05bn.

Neste today is an economically powerful unit, claims Mr. Raade. Getting the company ready for the diversification that inevitably lies ahead is, however, an extremely difficult task. "But progress is inevitable for the company."

The company's turnover rose by 6 per cent to FM 6.56bn ($1.66bn) in 1978. Earnings net of taxes and maximum permissible depreciations came to FM 42.7m, compared with FM 17.3m.

The financial result was weakened by Neste's purchase of the 50 per cent share of Pekema (plastic production) held by private companies.

The share of oil in total energy consumption in Finland fell from 53 per cent in 1977 to 50 per cent last year. Purchases of crude oil were distributed as follows: Soviet Union 67.5 per cent, Saudi Arabia 14.9 per cent, Iran [illegible] per cent, Britain 5.2 per cent (1.2 per cent in 1977), Iraq [illegible] per cent. Crude oil imports totalled 10.54m tonnes. The aggregate oil input of the Neste refineries was 11.1m tonnes, which means that there was some drawing on reserves.

The company's Porvoo works set new records in the production of basic petrochemicals. Output was up 20 per cent for ethylene and 19 per cent for butadiene. A benzene plant was started up in December 1978 with a planned production capacity of 100,000 tonnes a year, and a nitrogen plant was completed with an annual capacity of 13m cubic metres.

The company has started channelling its investments into the manufacture of feedstocks.

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Jnderwriting loss causes NZ Insurance downturn

JOHN ROGERS IN SYDNEY

ORT-TERM underwriting NZ$1.50m (U.S.$1.59m). incurred in Australia, ly affected earnings of Zealand Insurance Com- n the year to March 31. ofit of the multinational ice group fell 33 per cent NZ$29.27m to NZ$26.20m. rectors have decided to in the dividend at 20 t share, with an 11 cents n higher capital.

directors lay the blame profit downturn on an se short-term underwriting experience, particularly in Australia where there is considerable over-capacity and indiscriminate and irresponsible competition." In the previous year, the underwriting division scored a NZ$1.80m surplus.

The lower result was also caused by the fact that the New Zealand operations contributed only a 10-month result, because of a changing balance date, while directors also point to problems in the UK where "additional substantial transfers to the international marine and aviation funds were necessary after earlier termination of portfolios."

Elsewhere, the group's business performance looked better with new non-life premiums written rising 9.7 per cent to NZ$145.10m, while new life assurance premiums rose 13 per cent to NZ$17.50m. Investment income also picked up, particularly in New Zealand, from NZ$8.70m to NZ$9.5m.

However, the directors point out that there was an increase in the loss ratio to premiums earned, from 64.7 per cent to 66.4 per cent.

Bigger role overseas for Japan banks urged

TOKYO—An expansion of operations by overseas subsidiaries of Japanese banks—to allow them to compete more effectively with European banks, U.S. investment banks and Japanese securities companies—has been recommended by the Financial Problems Study Committee, a private Japanese advisory body.

In a report prepared for Mr. Hiromi Tokuda, director-general of the Ministry's Banking Bureau, the committee had noted that the overseas supply of syndicated loans by Japanese Banks had been rising sharply.

The committee warns Japanese banks against cutting margins below break-even point in order to secure loan business, but proposes they be placed on an equal footing with western banks in the international market.

It suggests that overseas subsidiaries of Japanese banks be allowed to become syndicate lead managers to underwrite the flotation of external bonds by Japanese enterprises, which they cannot do now because of administrative controls.

● Mitsui Bank and Dai-Ichi Kangyo Bank, two of Japan's leading City banks, said yesterday that they have obtained a top rating for issuing certificates of deposit (CDs) in the U.S.

The granting of the top grade by Moody's Investor Services is considered likely to boost the capacity of the two banks to attract U.S. investors

Mitsui and Dai Ichi Kangyo have been in the CD market in the U.S. since 1977.

The two banks said that the rating was made for their CDs payable in less than 130 days.

This is the first time that Japanese banks have joined a U.S. grading list.

Agencies

Iassneh to quadruple capital

DANIEL IN TEL AVIV

EH — Israel's largest ce company, controlled Labour Federation — o quadruple its capital, I£100m to I£400m (some The decision in e has been taken by rd; but the prospectus to be worked out. The Federation will retain since it has a founder's ith 50 per cent of the ights.

while, the company that its balance sheet grew by 63 per cent last year to I£3.1bn from I£1.9bn in 1977 and that of the group as a whole by 65 per cent to I£3.8bn.

Capital and reserves for the company stood at I£286m compared with I£230m at end-1977, while the group total increased to I£348m from I£250m.

Hassneh's investments in linked bonds, shares, deposits and loans came to I£2.22bn against I£1.44bn at end-1977. Group investments of this kind gained 65 per cent to I£2.9bn.

The company's insurance portfolio increased by 78 per cent to I£32bn, and premium income on these policies by 57 per cent to I£347m for the group by 65 per cent to I£432m.

Hassneh's gross profit came to I£126m ($5.1m), including linkage differentials of I£22m from previous years, and after-tax profit to I£59.4m, compared with I£91.7m in 1977. It is proposed to pay an unchanged dividend of 15 per cent cash and 33 per cent bonus shares.

omestic sales boost Isuzu earnings

O —Isuzu Motors, the motor vehicle manu- which has links with Motors of the U.S., ed a net profit of ($36.82m) for the half ded April 30, up 8.37 from the previous first 7.39bn. Sales totalled n, some 16 per cent higher than last year's Y278.65bn.

Profit per share went up from Y9.73 to Y10.59. Isuzu attributed the net profit increase mainly to a rise in the sales of large trucks in the domestic market.

Sales of large and medium-sized trucks totalled Y105.55bn, up sharply from Y80.7bn. Sales of small trucks came to Y105.86bn, compared with Y93.66bn; while those of passenger cars fell slightly to Y39.1bn, from Y41.87bn.

Sales of engines and parts were Y73.64bn, up from Y62.42bn.

The interim dividend is lifted from Y2 to Y2.5.

AP-DJ

OURED CARS

Iayne Nickless in offer for Loomis

JR SYDNEY CORRESPONDENT

NICKLESS, the large n security and trans- up, has joined other oups rushing into the American market with nouncement of a " A$13.5m (US$15m) offer for Loomis on, the Seattle-based service group.

er is A$10.50 a share th certain principal ers receiving cash and t notes. Loomis have already pledged areholdings to the ard. The offer is sub- ne approval by shareholders of both companies and certain government review bodies.

Mr. B. R. Redpath, the managing director of Mayne Nickless, said that the acquisition of the Hawaii and west coast business of Loomis would "possibly make it the third biggest armoured car group in the world." Certainly the group will show an improved profit with Loomis generating sales of US$85m and pre-tax earnings of US$2.6m in the latest year.

He assured shareholders that they would not be called on to fund the latest takeover—70 per cent of the funds required would come from the U.S. holding company and the remainder from the First Boston Corporation, which is advising Mayne in the U.S. The merger would cement a "long-standing friendly relationship between the companies." The current Loomis board would remain intact and would be expanded through the addition of several Australian directors.

The move seems logical for Mayne Nickless, which has been finding it hard to sustain growth in a stagnant Australian market. Last year the group bought a 40 per cent interest in Access Control Systems (Australia) Pty, which is a subsidiary of the UK controlled Gibbs Bright and Co. Pty, but Mayne has been concentrating on its interests in the UK, Hong Kong, New Zealand, and the U.S.

If the takeover is successful, Mayne will add considerably to its presence in the U.S. Loomis is involved in armoured car and security services, including property protection, and transport, general handling, forwarding and specialised haulage in Canada, the U.S. and Mexico.

Mayne Nickless now joins Wormald International and TNT both of which are in the North American continent.

WORLD STOCK MARKETS

Wall St. slightly firmer after a fair trade

INVESTMENT DOLLAR PREMIUM

$2.60 to £1—41¼% (40½%)
Effective $2.1330—15⅞% (14⅞%)

WITH THE approaching OPEC oil ministers meeting continuing to overshadow the stock market, Wall Street again moved only narrowly either way yesterday before closing slightly higher on the day, but there was a fairly large turnover.

The Dow Jones Industrial Average finished 0.43 firmer at 839.83. The NYSE All Common Index gained 7 cents to $57.65, while rises exceeded declines by 777 to 633. Trading volume increased to 33.81m shares from the previous day's 30.80m.

Larry Wachtel, of Bache Halsey Stuart Shields called it "a market waiting for next week." Harvey Deutsch, of Purcell Graham and Co. stated that the concensus on Wall Street is that OPEC will raise oil prices to "the $18 to $20 a barrel area." Currently prices range from the $14.55 a barrel charged by Saudi Arabia to $40 and more on the spot market.

A weak dollar hurt stocks initially, but Treasury Secretary Blumenthal linked the dollar's slide to narrowed interest rate differentials between countries and said they *are not expected to narrow further.*

Blumenthal also said that Administration economic policy *is working to slow the economy* and avoid a recession, but that a likely OPEC price increase makes it difficult to project definitively. He added that the OPEC *oil ministers at their* meeting next week must exercise caution because decisions to raise oil prices "further increase the possibility of global recession."

On the take-over front, Eltra jumped 10⅝ to $41⅛. The company said it has received a take-over inquiry but no understanding has been reached.

NLT topped the actives list and gained ¼ to $36¼. **Ashland Oil** holds options to buy 3m NLT shares at $30 each, but NLT has said it is not interested in any mergers.

Florida Mining and Materials moved ahead 6¾ to $40¼ bid in over-the-counter trading. **Moore McCormack Resources** has agreed to offer $40 *for each Florida* Mining share, topping a $32.50 a share bid by **Kaiser Cement,** which said it is studying the bid by **Moore McCormack.**

Active **Caesars World** gained 1⅝ to $34⅛. The New Jersey Casino Control Commission has granted Caesars a temporary gaming licence for its Atlantic City hotel/casino.

General Public Utilities added ⅛ at $10⅜. It has obtained $409m credit line from a group of banks.

Active **Charter Co.** rose afresh by 3⅛ to $35⅞, but **Superior Oil** retreated $8 to $435.

Sterling Drug continued to weaker on *worries about its* heart drug, Inocor, and slipped ⅜ to $17⅛ in active trading.

THE AMERICAN SE Market Value Index advanced 1.73 to 197.57 on substantial volume of 5.12m shares (4.51m).

Canada

Markets closed on a strong note yesterday after a heavy trade. The Toronto Composite Index rose 9.0 to 1,582.2, while after the recent reaction Oils and Gas resumed their advance and closed 58.1 up at 2,788.5. Metals and Minerals moved ahead 30.3 to 1,343.8 and Golds 27.1 to 1,830.6.

In Montreal Banks put on 1.37 to 299.41, Papers 0.47 to 166.00, but Utilities fell 2.52 to 233.53.

Among Oils, **Dome Petroleum,** the most active Toronto stock on 370,853 shares, rose 2⅜ to C$49⅜. **Canadian Occidental** advanced 2⅛ to C$42⅞ and **Hudson's Bay Oil** 1⅛ to C$71.

Tokyo

Export-orientated issues mainly lost ground on the yen's strengthening against the U.S. dollar, but the rest of the market *was inclined to improve,* although subsequent profit-taking pared early gains.

The Nikkei-Dow Jones Average closed a net 14.30 higher at *6,200.75 and the Tokyo SE index* was up 1.43 at 445.51.

Trading became fairly active, with about 360m shares changing hands on the First Market section, *substantially greater than* Tuesday's 220m.

Shippings attracted good demand, with **Nippon Yusen Kaisha** advancing Y16 to Y367, **Sanko Steamship** Y12 to Y338 and **Showa Kaiun** Y21 to Y330, reflecting an anticipated shipping business recovery, particularly in the tramp market.

This encouraged large-capital concerns such as Shipyards and Steels to also gain ground.

Mitsui Mining was among resources-related stocks moving higher, while Chemicals, Papers and Machinery Manufacturers were also firm sectors. However, some Food shares were lower, including **Yamazaki Baking.**

The weaker export-orientated sector had **Honda Motors** Y12 *down at Y563,* **Sony,** Y2,110, and **TDK Electronic,** Y1,750, off Y20 apiece, **Canon** Y7 cheaper at Y543 and **Toyota Motor** Y5 easier at Y930.

Elsewhere, **Mitsubishi Heavy** provided a particularly bright spot at Y157, up Y12, while **Dai Nippon Printing** put on Y9 to Y566.

Germany

Still depressed by the Bundesbank's latest *monthly* report, released on Tuesday, shares recorded further widespread falls after a quiet business. The Commerzbank index retreated 9.7 more to 723.0 for a two-day fall of 16.2.

Market participants stayed generally cautious in the wake of the Bundesbank report, which signalled more stringent credit *policies to combat inflation.*

Motors sustained the largest losses, with **Volkswagen** receding DM 5.40, **BMW** DM 4.80 and **Daimler-Benz** DM 4.50. **Deutsche Bank** fell DM 4.20 and **Dresdner Bank** DM 3.50, while Stores had **Neckermann** DM 5.50 weaker. Electricals were outstanding for a reaction of DM 3.10 in **AEG** after its recent advance.

In the *Domestic Bond sector,* Public Authority issues lost up to 55 pfennigs despite DM 20.8m nominal of Bundesbank purchases. Mark Foreign Loans were steady to firmer, however.

Paris

Following the recent strong upward trend, the market closed *on a mixed note yesterday after* much quieter dealings, although the Bourse Industrials index edged up 0.2 further to a new peak for the year of 84.3.

Investors were said by brokers to have become hesitant in view of the dollar's plunge on foreign exchange markets.

Also affecting trading was news that the French Government's State Loan has been increased to FFr 5bn from FFr 4bn, due to heavy demand.

Chemicals and Public Services were generally firmer at the end of business, but Oils and *Mechanicals* mostly lost ground.

Hong Kong

Market remained easier-inclined in another light trade, with the Hang Seng index slipping 2.65 more to 539.24.

Properties saw some selling, **Hong Kong Land** losing 5 cents to HK$7.05, **Cheung Kong** 20 cents to HK$11.00 and **Swire Properties** 2.5 cents to HK$3.025.

Among the leaders, **Hong Kong Wharf** rose 25 cents to HK$33.50, but **Hong Kong Bank** declined 10 cents to HK$12.90 and **Swire Pacific "A"** 5 cents to HK$7.80. **Hong Kong Electric, Hutchison Whampoa** and **Wheelock "A"** softened 2.5 cents apiece to HK$4.45, HK$4.325 and HK$3.275 respectively.

Australia

Share price movements were mixed overall but with leading issues inclined to show some recovery on "cheap" buying after the recent general weakness. The Sydney All Ordinaries index rallied 1.67 to 564.08.

Leading stocks in particular have fallen sharply since the middle of last week, but yesterday investors appeared to shrug *off mounting* unease ahead of today's planned nationwide strikes called to coincide with Court appearances of union leaders arrested in Perth.

BHP recouped 14 cents to A$8.64, while **CSR** rose 9 cents to A$3.15 and the new rights shares 12 cents to A$2.17.

Among Minings, **MIM** gained 5 cents to A$3.08, as did **Hamersley** to A$2.60.

Johannesburg

Gold shares firmed in a moderate trade on higher bullion prices, dealers noting *local* and overseas demand.

Mining financials were mixed to firmer in idle conditions.

Coppers were quietly steady, while platinums firmed in line with free market prices. **Implats** and **Lydplats** were 2 and 4 cents firmer at R4.00 and R1.83 respectively, while **Rusplat** rose 11 cents to R2.93. Collieries *were mixed in subdued trading.*

Industrials showed no decided trend after a small turnover.

Switzerland

There was another weak session as investor sentiment was further dampened by the strengthening of the Swiss franc.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. *a* Florins. *b* Schillings. *c* Cents. *d* Dividend after pending rights and/or scrip issue. *e* Per share. *f* Francs. *g* Gross div. %. *h* Assumed dividend after scrip and/or rights issue. *k* After local taxes. *m* % tax free. *n* Francs including Unilac div. *p* Nom. *q* Share split. *s* Div. and yield exclude special payment. *t* Indicated div. *u* Unofficial trading. *v* Minority holders only. *y* Merger pending. * Asked. † Bid. § Traded. ‡ Seller. *z* Assumed. *xr* Ex rights. *xd* Ex dividend. *xc* Ex scrip issue. *xa* Ex all. *A* Interim since increased.

Indices

NEW YORK—DOW JONES

● Day's high 843.56 low 836.11

Ind. div. yield %	June 15	June 8	June 1	Year ago (approx.)
	6.01	6.07	6.16	5.58

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Banks Ltd.	14 %
Amro Bank	14 %
American Express Bk.	14 %
A P Bank Ltd.	14 %
Henry Ansbacher	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	14 %
First Nat. Secs. Ltd.	14 %
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	12 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	13 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12%, and over £25,000 12½%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

COMMODITIES AND AGRICULTURE

...S. maize ...erve ...eased

...INGTON — The U.S. ...re Department has re... ...naize in the farmer-...eserve for redemption. ...may sell their reserve ...ter repaying the price ...oans.

...epartment said the ...average market price ...e has reached $2.50 a ...e release trigger level. ...over 730m bushels of ...e in the reserve, but ...e release did not re-...mers to redeem or sell ...in at the present time. ...epartment will review ...age price on July 31, ...mine if the release ...tion should remain in ...

...release continues, stor-...ngs will stop in states ...e price remains above ...ase level, the USDA ...

...epartment said that ...he six commodities in ...ve are now in release ...arley, maize, wheat ...

...ediate ...n pound ...e urged

...ARD BUTLER, presi-...he National Farmers ...esterday called for ...implementation of ...osals to devalue the ...nd.

...essage to Mr. Peter ...the UK Minister of ...e, attending an EEC ...of Ministers meeting ...bourg, he said agree-...EEC farm prices must ...ed soon, to ease ...worsening cash flow ...

...ler also said the milk ...ibility levy should be ...per cent for this year ...greement on longer ...gements for milk. He ...t new proposals for ...e totally unacceptable ...U.

...uth cheaper

...ORK — Asarco said ...it was cutting its ...rice by 50 cents to ...b, effective immedi-...

...is used for pharma-...urposes and in low ...loys.

W. Germany plans raw materials stockpile

BY JONATHAN CARR IN BONN

BONN — The West German Cabinet has given the formal go-ahead to a scheme for the limited stockpiling of five key raw materials judged vital to the smooth running of the economy.

Under yesterday's decision, roughly one year's supply of chrome, manganese, cobalt, vanadium and asbestos is to be stockpiled by private sector companies aided with public funds.

It is emphasised that by taking the action, West Germany is following a lead already set by other Western countries. And it is stressed that the stockpiling will go ahead gradually to avoid sudden pressure on world prices.

Under the formula agreed by the Cabinet, the Economics Minister, Count Otto Lambsdorff, has been empowered to conclude stockpiling accords with private companies and with the Kreditanstalt Fuer Wiederaufbau (KFW), a post-war reconstruction agency transformed into an economic aid administrator.

The companies will thereby commit themselves to holding eight month supplies of the raw materials involved in addition to their normal stocks totalling roughly four months.

To help the companies keep the stocks up to the agreed level, the Bundesbank has agreed to make DM600m from its reserves available through the KFW in the form of three-month revolving credits. This refinancing agreement would have to be renewed annually.

In taking this course, the government has rejected two other possible solutions—stockpiling by the state on the U.S. pattern and tax incentives for a raw materials buildup by the private sector. The former was rejected on grounds it would tend to be unwieldy, bureaucratic and expensive, the latter course because it would not of itself provide sufficient guarantee that enough vital supplies would be available in a crisis.

Bigger cotton crop expected

BY OUR COMMODITIES STAFF

EXPECTATIONS OF an increased world cotton crop in the 1979/80 season have kept prices down despite a progressive tightening in supplies throughout the 1978/79 season, according to the U.S. Department of Agriculture's Foreign Agricultural Service.

World cotton production during 1978/79 is estimated at 59.9m bales while "consumption may exceed the record 62.2m bales consumed in 1973/74," FAS said in a foreign agriculture circular.

Total cotton area is projected to rise 2 per cent in 1979/80 to 32.4m hectares, mainly due to an expected 8.3 per cent rise in the U.S. to 5.42m hectares.

In the rest of the world cotton area is forecast to rise only 0.8 per cent to 26.98m hectares.

But foreign production could total 49m to 52m bales, assuming a return to more normal yields from the low level of 1978, when the world crop was down 6 per cent, FAS said. The 1979 forecast compares with 49.1m bales in 1978/79.

The South American area is expected to show the greatest increase in crop area with an 8.6 per cent rise to 3.64m hectares. The African area is forecast to rise 1.1 per cent to 3.54m hectares; Soviet and Chinese 0.4 per cent to 7.48m hectares; and Mexican and Central American 0.6 to 810m hectares.

The crop area is expected to decline in Asia (excluding China) by 1.2 per cent to 11.27m hectares, and in Europe by 8.8 per cent to 340,000 hectares.

Relatively strong world demand combined with the sharp drop in 1978/79 production may cut stocks by about 2.8m to 21.3m bales with the sharpest decline occurring in the U.S. FAS said.

Cotton planting is well underway in most northern hemisphere countries and moisture conditions appear to be generally more favourable than at this time last season. This was especially true of China, which suffered sever drought in the past two seasons, FAS added.

But production costs are rising rapidly and labour shortages have caused some producers to shift to other crops. "However, the main variable affecting the 1979/80 world cotton crop continues to be the weather."

Hard winter hits UK lamb supplies

THE HARSH winter and the wet spring have reduced and delayed the UK lamb crop, according to the Meat and Livestock Commission's quarterly survey.

New season lamb supplies are late reaching the shops which means that more than usual will be marketed in the last quarter of 1979 and the first quarter of 1980.

Home production of mutton and lamb was 7 per cent higher in the first quarter of 1979 but total supplies are provisionally estimated to have been 5 per cent less than in the same period last year.

Lamb slaughterings in the 1979-80 season will fall by 2 to 3 per cent to 10.35m, the survey forecasts. With increased ewe slaughterings however, total sheep-meat production in 1979 could be the same as 1978.

Sheep-meat supplies in 1979 are now expected to be about 3 per cent less than in 1978 due to a similar level of home production, a forecast fall in imports and a possible increase in exports.

Fat sheep prices rose in March, April and May because of the shortage of new season supplies, but prices are expected to fall during summer and increase seasonally from about November.

Further fall in cocoa market

By Our Commodities Staff

COCOA FUTURES prices fell further on the London market yesterday as fears about the effect of the political situation in Ghana on supplies continued to ease.

The September position ended the day £28.5 lower at £1,616.5 a tonne.

September cocoa has fallen £125 in a little over a week and is now below the level ruling before the Ghanaian junior officers seized power on June 4.

Prices rose sharply following the coup as traders and speculators feared that it might make for still further delays and disruptions to Ghana's cocoa shipments.

But the change of leadership seems so far to have made little impact on the cocoa trade. Shipments are moving forward as usual and prices have declined as speculators have sold out. Dealers are still nervous about the situation, however.

Yesterday's decline was also encouraged by the strength of sterling.

U.S. sugar import fee to be increased

WASHINGTON — The U.S. sugar import fee will rise by at least 0.50 cent a pound in the third quarter, from the 2.76 cents now for raw sugar and 3.28 cents for refined sugar, administration officials said.

The rise is tied to a formula used under the quarterly import fee system. Officials said the fee would rise based on an easing of world sugar prices for the 20 market days ended on Tuesday compared with a similar period in March.

The fee is additional to imported sugar duty of 2.81 cents per pound.

In Brussels yesterday the EEC Commission authorised exports of 34,650 tonnes of white sugar (34,7750) at a maximum export rebate of 30.158 European currency units per 100 kilos (29.58).

The rebate for raw sugar was set at 26.74 ECU (26.10) but no sales were authorised.
Reuter

METAL MARKETS

Aluminium price fall forecast for 1980

BY JOHN EDWARDS, COMMODITIES EDITOR

AN ALUMINIUM supply crisis, forecast for the early 1980s, now seems unlikely according to the latest aluminium trends report issued by the Amalgamated Metal Corporation.

Instead, it predicts that by the end of the year existing premium prices being paid in the free market over the listed producer quotations will turn to discounts and the producer list prices will decline next year by 4 to 6 cents a pound.

The report bases this change in outlook mainly on the expected economic recession, aggravated by the effect on industrial activity of the rise in oil prices.

It forecasts that primary Western aluminium consumption, after rising by nearly 3 per cent to 12.4m tonnes this year, will fall by 3 per cent in 1980 before rising 8 per cent in 1981 to 12.94m tonnes.

Production is expected to rise 5.9 per cent this year to 12.3m tonnes; by 5.3 per cent to 12.9m tonnes in 1980 and 3.2 per cent to 13.4m tonnes in 1981.

However, the report notes that if stocks increase in 1980 and 1981, producers would reduce operating rates and shut down more expensive lines rather than cut list prices significantly.

The report says the timing and severity of the economic slowdown in the U.S. is the most crucial element in its forecast. It believes a recession would start in the fourth quarter of this year and continue into 1980.

It is considered unlikely that other industrial economies would be able to continue their high 1979 growth rates and the West as a whole should experience a turn-down in 1980.

The report says there appears to be sufficient smelting and refining capacity in the West up to 1981 to meet probable demand. Only a highly optimistic rate of economic growth throughout the period would result in shortages, other than for very limited periods, of primary aluminium.

Not taken into account in the report, prepared for publication some weeks ago, is the possible impact of the strike at Alcan's Quebec smelters, which could obviously have a big effect on the short-term supply demand balance.

Sterling rise hits copper

BY OUR COMMODITIES STAFF

THE RISE in the value of sterling brought a generally easier trend on the London metal markets yesterday. Copper cash wirebars closed £7.5 lower at £902 a tonne, despite a rise in the New York market overnight and the move by two North American producers, Inspiration and Noranda, to raise their domestic prices by 4 cents to 90 cents a lb.

Lead prices moved down for the third day in succession with the cash price falling by £9 to £654 a tonne, £56.5 below the all-time peak reached last Friday.

Profit-taking sales continued to pressure the market, offsetting reports of further buying interest from Eastern Europe, as did a wildcat strike at Amax's lead mine-mill smelter at Boss, Missouri. Amax announced later, however, that employees at the smelter had returned to work.

Aluminium, nickel and zinc prices also lost ground but tin moved ahead again as the squeeze tightened on available supplies. Cash tin gained £87.5 to £7,675 a tonne, while the three months quotation was only £10 higher at £7,112.5.

UK deer farming unit formed

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE ROYAL Agricultural Society of England has just set up its first deer unit at the National Agricultural Centre at Stoneleigh. The 20 red deer were brought from Whipsnade Zoo, and the hinds should all have calved before the Royal Show on July 2.

Although deer has been kept for many years as an ornament to parkland, their commercial advantages have only recently been exploited. New Zealand was the first country to establish deer farms and research there, and at the North of Scotland Agricultural College, has suggested they could produce a similar output to sheep at roughly the same stocking rate on good grassland.

The prime attraction of deer as a farm crop has up until now been the very high prices paid for venison in Continental markets, particularly West Germany. However, against this must be set the high cost of fencing the animals in, and difficulties presented by the routine medication which intensive stocking always entails.

According to New Zealand sources, a most valuable by-product is to crop the antlers at the velvet stage. Stags drop their antlers once a year and re-grow them; just before the velvet floughs off, the antlers are cropped and exported to the Far East where the material is valued as an aphrodisiac of great potency or so it is claimed. The sale of velvet, properly exploited, could far exceed the returns from meat as a stag has many years of life. Some sources say there is no reason why the material should not find a ready sale elsewhere in the world.

...SH COMMODITY MARKETS

METALS

...ealer on the London Metal ...ter opening higher at £929 ...strength of overnight U.S. ...ard metal fell away follow-...

...r 22,200 tonnes.

TIN—Steady for forward metal but with the tight nearby supply situation causing the backwardation to widen to £600 in the afternoon. Forward metal moved narrowly, opening at £7,110 and easing at £7,100 before closing the late kerb at £7,120. Turnover 600 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7595-600	-12.5	7650-700	+87.5
3 months	7090-5	-7.5	7120-30	+12.5
Settlem't	7600	-20	—	......
Standard				
Cash	7595-600	-12.5	7650-700	+87.5
3 months	7090-5	......	7110-5	+10
Settlem't	7600	-20	—	......
Straits, E.	$1985	+4	—	......
New York	—	......	—	......

Morning: Standard, cash £7,580, 7,600, 10, three months £7,110, 7,100, 7,090, 7,100, 05, 7,100, 7,095. Kerb: Standard, three months £7,110, 7,100. Afternoon: Standard, three months £7,100, 20, 10, 15. Kerb: Standard, three months £7,120, 30, 20.

LEAD—Lost ground owing to general lack of interest, coupled with speculative selling and stop-loss selling, which depressed forward metal from £626 on the early pre-market to the day's low of £605.5 on the late kerb. Turnover 10,025 tonnes.

Morning: Cash £666, three months £619, 18, 17, 16, 13.5, 14, 16, 15.5.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	665.5-6	-8.75	653-5	-9
3 months	615-6	-8	607-8	-16

...ed Metal Trading reported ...morning cash wirebars ...22, 23, 24, 24.5, 23, 22. ...athodes, cash £880, 81. ...£902, 3. Kerb: Wirebars, ...£921.5, 21, 20.5, 21, 22. ...Wirebars: cash £906, three ...25.5, 25, 26, 25.5, 26. ...22, 21, 20, 19, 18, 19, 18. ...ree months £896. Kerb: ...ee months £917, 17.5, 17, ...15.5, 16.

COCOA

Commission led selling to close at the lows, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
July	1588-1590	-21.5	1612-1585
Sept.	1616-1617	-28.5	1635-1614

RUBBER

EASIER opening on the London physical market. Little interest throughout the day, closing on a dull note.

COFFEE

SOYABEAN MEAL

SUGAR

GRAINS

SILVER

WOOL FUTURES

MEAT/VEGETABLES

COTTON

COCOA

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, June 20.

Cocoa—July 144.50 (144.25), Sept. 148.70 (148.35), Dec. 153.40, March 155.45, May 157.00, July 158.25, Sept. 159.45.

Coffee—"C" Contract: July 198.00 (194.62), Sept. 202.77 (198.97), Dec.

††Maize—July 288¼-288¼ bid (288¾), Sept. 304½-304 (305), Dec. 308-310, March 317½-318, May 321½, July 322½.

Plywood—July 198.8-198.2 (194.5), Sept. 203.0 (198.7), Nov. 200.0-200.5, Jan. 200.0-203.0, March 202.0-203.5, May 203.5, July 204.0, Sept. 204.0 bid.

EUROPEAN MARKETS

ROTTERDAM, June 20.

...wheat, June $193, July $190, Aug. $192, Sept. $194, Oct. $199. U.S. No. Two Northern Spring wheat, June $196, July $193.75, Aug. $193, Sept. $194, Oct. $197.50, Nov. $199.

Maize—U.S. No. Three Corn Yellow, July $143 traded, $144 afloat, June $143, July $143.50, July/Sept. $145.25, Oct./Dec. $149, Jan./March $155.25 sellers.

Soyabeans—U.S. Two Yellow Gulfports, June $318.75, July $320.75, Aug. $323.75, Sept. $326, Oct. $319, Nov.

...July $310, July $311.50, Aug. $317.50 sellers.

Soyameal—44 per cent protein. U.S. afloat $262, June $262, July $262, Nov./March $268.50. Brazil pellets afloat $268, June $267, July $269, Aug. $271, Sept. $272.

PARIS, June 20.

Sugar (FFr per 100 kilos)—Aug. 945-947, Oct. 991-993, Nov. 990-1,000, Dec. 1,031-1,035, March 1,070-1,080, May 1,087-1,095, July 1,110-1,125, Aug. 1,135-1,150. Sales at call.

INDICES

FINANCIAL TIMES

June 20	June 19	M'nth ago	Year ago
300.53	298.96	281.41	247.17

(Base: July 1, 1952=100)

MOODY'S

June 20	June 19	M'nth ago	Year ago
1098.0	1094.8	1062.8	928.5

(December 31, 1931=100)

DOW JONES

Dow Jones	June 20	June 19	Month ago	Year ago
Spot	417.96	414.15	387.67	356.73
F'tur's	430.40	424.90	393.76	365.20

(Average 1924-25-26=100)

REUTERS

June 20	June 19	M'nth ago	Year ago
1629.6	1631.7	1582.8	1498.6

(Base: September 18, 1931=100)

5.50; Israeli: Perlette 4.50; Cypriot: Cardinal per pound 0.40, Perlette 0.50. Peaches—Spanish: D/C/B's 2.10-3.00; Italian: 3.50-4.00. Apricots—Spanish: 3.00-3.50. Cherries—French: Per pound 0.30; Italian: 0.35. Avocados—S. African: 3.50-4.00. Onions—Dutch: 2.20-3.20; Chilean: 4.50; Canary: 4.50; Israeli: 3.60-3.90; Spanish: 3.50. Tomatoes—Jersey: Per tray 3.00-3.20; Dutch: 3.20-3.30; Guernsey: 3.20-3.40. Cabbages—Dutch: White, net 5.00-5.80. Potatoes—Cypriot: 6.00; Jersey: Per ...

Majorcas 3.00. Brittany: Astara 2.60; Dukes 3.30. Capsicums—Canary: 5 kg 2.50-3.00. Carrots—Cypriot: 28 lb 2.00-2.20; Italian: Approx. 18/22 lb 1.80-2.00; French: 12 kg 2.30-2.50. Asparagus—Californian: Per pound 0.90-1.00. Melons—Israeli: Yellow 4.30; Spanish: Small trays, green 2.30-3.00. Water Melons—Israeli: 4/8's 3.20-3.30. Gooseberries—Hungarian: Per 5 kg box 3.00.

English Produce: Potatoes—New crop per pound 0.05-0.06, old crop per 25 kg 2.80. Lettuce—Per 12 round 1.50-1.60. ...

Markets subdued by balance of payments perplexities

Equity leaders little changed but Short Gilts rise

Account Dealing Dates
Option

*First Declara- Dealings	tions	Last Dealings	Account Day
June 4	June 14	June 15	June 26
June 18	June 28	June 29	July 10
July 2	July 12	July 13	July 24

* "New time" dealings may take place from 9.30 am two business days earlier.

The growing feeling that equity markets may now have discounted the series of adverse economic influences which have arisen since the May General Election was strengthened yesterday when stock markets appeared to disregard the perplexities of the UK balance of payments situation. Leading shares fluctuated within narrow limits, in trading which was barely sufficient to test prices, before closing with little alteration on the day.

Fears about the recent strength of sterling on overseas earnings coupled with the May trade returns made for a slightly easier start but sellers held off and a gradual improvement ensued, this being reflected in the FT 30-share which showed a rise of 1.3 at the 1 pm calculation after having recorded a fall of 2.2 at 10 am. Thereafter, lack of interest saw the leaders drift back and the index closed 1.5 off on the day at 485.1. Sentiment in the late dealings was not helped by a marked reaction in Hawker Siddeley, 14 down at 194p, following the chairman's cautious remarks about current prospects at the annual meeting.

Although trading conditions overall were extremely quiet, a useful improvement occurred in Oil shares and particularly those with North Sea interest, this being prompted by the prospect of still further increases in crude oil prices. Few other sectors provided relief from the prevailing tedium.

The strength of sterling dominated the market in Gilt-edged securities and also calmed worries about the unsatisfactory UK balance of payments situation. Overseas funds were invested among the shorts which gained ½ more before reacting in dealings after the official close and the view was that the new medium tap, Treasury 12 per cent 1984 could attract a reasonable tender in £50-paid form today. Prospects for the longer issue, Exchequer 12½ per cent "A" 1999, appeared less bright, although only £15 is payable on application. Business in mediums and longs was light and gains of around ¼ were relinquished as quotations reverted to overnight list levels.

Rates for investment currency were unaffected by the further strong tone in sterling and fluctuated narrowly. Institutional sources were operating on both tacks, but on a smaller scale than recently, and the premium settled a net ¼ higher at 41½ per cent, after 41½ per cent. Yesterday's SE conversion factor was 0.8685 (0.8603).

The market in Traded options retained its recent lacklustre appearance and only 377 deals were completed; this was slightly better than the previous day's 339, but well below last week's daily average of 1,054. Imperial attracted most demand yesterday with 80 deals.

Hambros easier

Renewed profit-taking in the wake of the good second-half profits left Hambros 5 lower at 298p. Elsewhere in Merchant banks, Leopold Joseph relinquished a similar amount at 165p in a thin market. The major clearers moved narrowly and closed easier for choice. Barclays softened 2 to 448p as did Lloyds to 323p and Midland to 408p.

Christopher Moran continued firmly in an otherwise dull Insurance sector, hardening a penny more to 41p in response to the higher annual earnings. Royals, 349p, and Sun Alliance, 536p, dipped 8 apiece and General Accident declined 4 to 220p. Still unsettled by reports that several Lloyd's underwriting syndicates plan to sue the group, C. E. Heath cheapened 3 more to 190p.

Breweries and kindred issues traded quietly and ended with little alteration on overnight levels. Among Distilleries, Highland continued to be adversely affected by Tuesday's rights issue and slipped 4 more to 96p for a two-day loss of 14. Irish, on the other hand, registered satisfaction with the interim results and, despite the cautious view on second-half prospects, moved up 7 to 204p.

Lack of investment incentive left leading Buildings easier for choice. Blue Circle met with occasional selling and cheapened 6 to 290p, Redland slipped 3 to 180p and Costain 4 to 158p. Taylor Woodrow, however, attracted a little support and improved 5 to 373p. Elsewhere, Mallinson-Denny added 2 to 68½p on small speculative interest, while demand in a thin market lifted Vectis Stone 3 to 29p. Renewed investment buying took Brown and Jackson up 15 to 260p, but uninspiring annual results left Burnett and Hallamshire 3 cheaper at 370p, after 368p.

ICI fluctuated narrowly in thin trading before closing a penny up on balance at 364p. Elsewhere in Chemicals, Alginate rose 10 to 345p in a thin market, while Leigh Interests firmed 4 to 86p.

A few firm features appeared among secondary Stores. Bakers Household put on 6 to 90p following the better-than-expected first-half profits and Ernest Jones (Jewellers) also responded to good interim figures with a rise of 10 to 235p. A Press suggestion that a broker's recommendation is in the pipeline aroused fresh investment interest in recent favourite MFI Furniture and the close was 8 better at 150p. Reports of heavy post-Budget spending helped Comet Radiovision Services advance 11 to 144p, while Fairdale Textile hardened 1½ to 23½p in a thin market. Further consideration of the proposed £2.4m rights issue prompted a reaction of 2 to 73p in A. Goldberg.

Details of a major £4m U.S. acquisition buoyed United Scientific which have been a firm market of late and, after a fairly lively trade the close was a further 25 higher at 323p. Elsewhere in Electricals, Eurotherm rose 10 more to 340p ahead of the interim results due on July 9 and Dreamland revived with a rise of 4 to 49p. Racal edged forward 2 to 462p in anticipation of today's preliminary figures but GEC came on offer at 366p, down 4.

Hawker Siddeley, down 14 at 194p following the chairman's cautious remarks about current trading prospects, provided the only worthwhile movement among Engineering leaders. Elsewhere, renewed demand ahead of the annual results, due next Monday, left B. Elliott 14 dearer at 238p, but Jenks and Cattell eased to 96p following rejection of the bid from Armstrong Equipment. Favourable Press mention prompted a gain of 4 to 106p in Glynwed, while Hawthorn Leslie firmed 3 more to 85p following opposition to the company's acquisition plans by Davis Investments and the latter's suggestion that a bidder should be found for Hawthorn as a "cash shell." The forecast of improved current trading, which accompanied the annual results, helped F. H. Lloyd gain 3 to 68p and WGI hardened 2 to 109p on the rights issue announcement.

Leading Foods performed reasonably well given the thin nature of trading. A couple of pence easier awaiting the interim figures, Tate and Lyle were raised to 158p on the announcement before reverting to the overnight level of 152p. Tesco finished ½ dearer at 70½p following annual results broadly in line with market estimates. Elsewhere, higher interim profits prompted a gain of 4 to 60p in Barrow Milling, while a resurgence of bid rumours lifted Cartiers 6 to 130p. A small demand in a thin market took Hillards up 5 to 330p.

Cape Inds. jump

Secondary stocks again claimed most of the attention in *miscellaneous industrials*. Cape Industries stood out with a jump of 19 to 194p on speculative buying fuelled by take-over suggestions, while Granada improved 4 to 143p in response to the better-than-expected interim profits. Renewed speculative demand in a thin market brought about a fresh gain of 7 to 128p in Philip Harris and buying on consideration of their North Sea oil interests helped IC Gas rise 8 to 477p. Cawoods put on 4 to 202p and National Carbonising 3 to 62p. Investment buying lifted Sotheby's 14 to 337p, while improvements of 6 and 8 respectively were recorded in Hoover "A," 180p, and Maynards, 140p. Still drawing strength from the good first-half figures, Crest Nicholson added 2 more to 98p but Holt Lloyd International fell 9 to 187p in reaction to the proposed £2.98m rights issue. Still concerned about the possible sale of the NEB's 24.42 per cent shareholding, ICL lost 8 to 457p, after 455p, and comment on the annual results left J. H. Fenner 5 off at 135p. Reflecting the poor response to the proposed £57m rights issue (75 per cent was left with the underwriters), Thomas Tilling eased 2 to 133p. Easier initially following comment on the May trade figures, the leaders picked up to close narrowly mixed. Glaxo hardened a penny to 463p, after 458p, but Metal Box lost 4 to 294p.

Motor Distributors closed firmer again after a reasonable two-way business. Caffyns put on 4 at 108p, after 110p, following Press speculation about a possible offer for the company. Henlys, however, weakened on the half-time results which fell some £0.85m below market expectations and closed 8 down at 106p. ERF met with limited profit-taking and lost 3, at 118p, of the previous day's gain of 9 which stemmed from the annual statement, but Dowty were wanted and rose 4 to 323p for a two-day gain of 12.

Associated Newspapers, which has North Sea oil interests, improved 14 to 220p on hopes of increased revenue from higher oil prices; Daily Mail "A" also turned higher and closed 12 up at 450p. International Thomson issues improved 5 apiece to 380p and 337p.

Leading Properties settled with modest improvements after giving ground initially. Land Securities finished 3 firmer at 285p and MEPC ended 2 higher at 160p. Support was forthcoming for selected secondary issues among which Fairview Estates added 6 at 190p and Mountview Estates 5 at 126p. Speculative counters Bernard Sunley and Imry firmed 5 apiece to 380p and 655p respectively, but Bradford shed that much to 415p following the annual results and proposed scrip issue. Warner Estates added 5 more at 240p and Brixton Estates hardened 2 to 143p, the latter following the annual meeting.

Oils wanted

The prospect of higher crude oil prices boosted demand for Oil shares. British Petroleum touched 1,168p before settling for a rise of 22 at 1,162p and Shell added 6 to 366p, after 370p. Among secondary issues, Tricentrol added 8 to 232p, while gains of 12 were posted against Siebens (UK), 230p, Lasmo, 248p, and Clyde, 190p. Candecca Resources put on 6 to 69p and Viking Resources advanced 15 to 180p.

Robert Kitchen Taylor remained in demand among Financial Trusts and rose 5 to 177p.

Shippings finished narrowly easier for choice. Furness Withy gave up 5 to 287p awaiting news from the company concerning the KCA/Eurocanadian situation. P and O Deferred eased 2 to 95p.

Awaiting further developments connected with Monday's bid approach, Siemssen Hunter advanced 4 to 77p for a rise of 15 since the announcement. Bats issues hardened, the Ordinary adding 4 at 280p and the Deferred 5 at 250p; the annual results are expected on Tuesday.

A marked lack of UK interest but firmer far-eastern advices left Plantations with a mixed appearance. Muar River added 3 at 78p, but Castlefield, 315p and Bertam, 177p fell 15 and 8 respectively.

Golds improve

Although tending to ease towards the close of business, owing to profit-taking, South African Golds nevertheless registered good gains on the strength of the bullion price following the U.S. Treasury gold auction.

The Gold Mines index rose 5.3 to 189.2, while the ex-premium index put on 2.4 to 164.3.

The firmer investment premium and the strength of Golds helped South African Financials make ground. Anglo American put on 8 to 392p, Union Corporation a similar amount to 410p and "Amgold" ½ to £20½.

London Financials rallied after an uncertain start. Gold Fields were finally a penny cheaper at 240p, after 238p, while Rio Tinto-Zinc closed 2 firmer at 298p, after 294p.

Hopes that the UK Government will lift economic sanctions and recognise the new Government in Rhodesia prompted good buying of Wankie Colliery which rose 5 to a 1979 high of 63p.

Australians made progress despite the continuing labour unrest in the Pilbara and the threat of a national strike.

The Rundle oil shale partners came in for renewed specul[ative] support which left Ce[ntral] Pacific a further 25 high[er at] 625p and Southern Pacific at 240p.

Among base-metal prod[ucers] MIM Holdings were 6 firm[er at] 188p while rises of 3 were [com]mon to Bougainville and [...] South at 113p and 98p re[spec]tively.

The rise in the pre[...] prompted a rally in Tins [...] gains of 10 were seen [in] Berjuntai, 205p and Sungei [...] 255p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	1150	62	3	94	—	—	—	1162p
BP	1200	26	24	68	—	150	—	,,
BP	1300	5	30	35	1	90	8	,,
Cons. Gold	280	23	1	35	—	39	—	239p
Cons. Gold	260	3	2	13	—	19	2	,,
Courtaulds	90	9	5	14	—	16	—	96p
Courtaulds	100	4	4	9	—	12	—	,,
GEC	330	46	5	60	—	—	—	366p
GEC	360	26	6	40	26	57	—	,,
GEC	390	11	3	25	—	41	—	,,
GEC	420	3	—	15	2	30	—	,,
GEC	460	1	—	11	12	19	—	,,
Grand Met.	128	12	—	16	5	—	—	135p
Grand Met.	138	5	[illegible]	12	—	15	5	,,
Grand Met.	158	2	—	5½	32	11	—	,,
ICI	330	33	5	47	—	55	—	362p
ICI	430	½	—	5	2	14	—	,,
Land Secs	280	14	8	27	—	38	—	284p
Marks & Sp.	100	16	—	22	9	19	—	115p
Marks & Sp	120	5	6	9	—	14	—	,,
Marks & Sp	130	1½	1	[illegible]	—	11	—	,,
Shell	325	52	1	60	—	—	—	366p
Shell	350	31	—	44	6	54	—	,,
Shell	375	19	[illegible]	32	2	44	—	,,
Shell	400	7	46	20	4	33	—	,,
Totals			149		101		15	
		August		November		February		
EMI	90	16	8	25	—	28	—	99p
EMI	100	12	1	16	—	22	—	,,
EMI	110	7	—	12	—	16	2	,,
EMI	120	4	12	9	—	13	5	,,
EMI	140	1½	—	4	2	—	—	,,
Imperial Gp	100	3½	—	7	80	9½	—	94p
RTZ	360	3	2	11	—	—	—	296p
Totals			25		82		7	

FINANCIAL TIMES STOCK INDICES

	June 20	June 19	June 18	June 15	June 14	June 13
Government Secs.	70.88	70.86	70.50	70.24	70.44	71.15
Fixed Interest	72.61	72.74	72.44	72.38	72.44	72.77
Industrial	485.1	486.6	482.9	478.5	474.8	488.9
Gold Mines	189.2	183.9	186.2	179.0	177.8	174.5
Gold Mines Ex-$ pm	164.3	161.9	164.5	159.5	158.1	155.4
Ord. Div. Yield	5.87	6.07	6.11	6.17	6.21	6.04
Earnings Yld. % (full)	16.01	15.98	16.08	16.23	16.34	15.90
P/E Ratio (net) (*)	7.97	7.99	7.95	7.87	7.82	8.04
Total bargains	14,770	15,461	16,242	20,896	20,375	20,648
Equity turnover £m	—	58.83	74.89	113.67	104.57	183.51
Equity bargains total	—	10,832	13,517	16,199	16,298	15,684

10 am 484.4. 11 am 486.0. Noon 487.5. 1 pm 487.9. 2 pm 487.7. 3 pm 486.6.

Latest Index 01-246 8026.

* Nil=7.86

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.84 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (13/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	208.4 (8/6)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines, Ex-$ pm.	169.5 (5/6)	95.2 (2/1)	337.1 (3/4/74)	54.3 (26/6/75)

S.E. ACTIVITY

	June 20
—Daily	
Gilt Edged	188.9
Industrials	109.6
Speculative	32.7
Totals	90.2
5-d'y Av'r'ge	
Gilt Edged	110.6
Industrials	144.2
Speculative	31.8
Totals	90.4

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (14)

BUILDINGS (1)
Beechwood Const.

STORES (1)
MFI Furniture

ELECTRICALS (1)
Utd. Scientific

INDUSTRIALS (3)
Lep Group / Nat. Carbonising

PROPERTY (2)
Avenue Close / Great Portland Ests.

TOBACCOS (2)
Dunhill (A.) / Siemssen Hunter

TRUSTS (1)
Aberdeen Inv.

OILS (3)
LASMO / Viking Oil / Oil Exploration

MINES (1)
Wankie Colliery

NEW LOWS (34)

AMERICANS (2)
First Chicago / Quaker Oats

BANKS (1)
Ottoman Bank

CHEMICALS (2)
Hoechst Fin. 10pc Uns. Ln. / Croda Intl.

ELECTRICALS (2)
BSR / Laurence Scott

ENGINEERING (2)
Amal. Power / Woodhouse & [...]

INDUSTRIALS (4)
Emhart Corp. / Oce Finance [...] / Fenner (J. H.) / Stalls. Pott[...]

MOTORS (2)
Henlys / Volvo

TRUSTS (6)
Crescent Japan / Montagu Bos[...] / Drayton Far Eastern / U.S. Trust [...] / G.T. Japan / Nippon Fund

OVERSEAS TRADERS (1)
Sanger (J. E.)

MINES (2)
Patino N.V. / Tanks Pref.

RISES AND FALLS YESTERDAY

	Up	Down
British Funds	22	[illegible]
Corpns. Dom. and Foreign Bonds	17	1
Industrials	300	18
Financial and Prop.	119	7
Oils	18	[illegible]
Plantation	10	[illegible]
Mines	85	1
Others	57	3
Totals	628	32

APPOINTMENTS

Senior Midland Bank posts for P. J. Nicholson

Mr. P. J. Nicholson has become chairman of Midland Industrial Investments and Midland Montagu Industrial Finance and a director of Midland Bank Industrial Equity Holdings, Moracrest Investments and Newtown Securities (Northern). This follows his recent appointment as a general manager, MIDLAND BANK, sharing responsibility for the bank's corporate finance division with Mr. K. B. Cox, a general manager. Mr. Nicholson has also joined the Board of Midland Bank Finance Corporation.

*

Mr. Oscar B. Marx has been elected vice-president — finance, and controller of FORD OF EUROPE INCORPORATED from July 1. Mr. Marx, formerly controller — international automotive operations, finance staff, Ford U.S., succeeds Mr. R. P. Craton, who is returning to the U.S. as controller, Ford North American automotive operations.

*

Mr. A. D. Harris and Mr. C. J. Harrison have been appointed to the Board of F. H. LLOYD HOLDINGS. Mr. Harris is managing director of F. H. Lloyd and Co., and Mr. Harrison, managing director, Lloyds (Burton). Both are on the group's divisional board.

*

Mr. Frederick H. Scholtz, a managing director of Morgan Stanley and Company Incorporated, is joining SOTHEBY PARKE BERNET AND CO. on July 1 as chief operating officer and executive vice-president of the company in America.

*

Mr. A. Merrill Ayers has been named vice-president in charge of BANKERS TRUST COMPANY'S representative office in Brussels, Belgium.

*

LONDON & CONTINENTAL BANKERS has appointed two general managers as associate directors: They are Mr. Michael J. Gibbs, investment banking, and Mr. Peter Packham, operations and administration.

*

Mr. Peter Dunkley has been appointed manager and vice-president of NATIONAL WESTMINSTER BANK'S San Francisco Branch. He succeeds Mr. Roger Walmsley who is returning to the UK upon completion of his tour of duty.

*

Mr. John Pozniak has been appointed treasurer of BANCO DI ROMA, London branch, and his responsibilities will cover money desk and foreign exchange dealing operations.

*

Mr. D. H. D. Murray has been appointed to the main board of JOHN F. RENSHAW AND CO., as financial director from July 1. At the same time Mr. J. E. R. Beadle, Mr. F. O. Firth, Mr. R. Gardiner and Mr. H. F. B. Weeks will become associate directors.

*

Mr. D. R. Chapman has joined the board of THOMAS COOK BANKERS as managing director designate.

*

Mrs. Jean Collingridge has been appointed chief executive of the employment service division of the MANPOWER SERVICES COMMISSION. She succeeds Mr. Alan Brown who has been made chief executive of the Commission's training services division. Mr. Brown replaces as head of TSD Mr. K. R. Cooper, who has left to become director general of the National Federation of Building Trades Employers.

*

Mr. F. R. Bentley has become chairman of HOPKINSONS HOLDINGS following the death of Mr. I. G. Hopkinson.

*

Mr. R. A. M. Baillie has been appointed to the Board of LONDON AND STRATHCLYDE TRUST.

*

The ROYAL BANK OF CANADA has appointed Mr. P. J. Rossiter as vice-president and general manager, UK, Ireland and Scandinavia, to succeed Mr. Nicholas Hardinge, who has been made managing director of the Royal Bank of Canada (London). Mr. Rossiter joined the bank in 1948 and became vice-president and general manager, Asia and Australia.

*

Mr. Peter L. Graves, who has been with ELECTRO MECHANICAL MANUFACTURING COMPANY for over 20 years, has been appointed managing director of that concern, which is a member of the Yorkshire Switchgear Group.

*

Mr. Michael J. Chard has accepted an invitation to join the Board of G. P. TURNER AND CO. He will have executive responsibility for the company's American account.

*

Mr. Hugh Simon has been appointed finance director of TI TOWER HOUSEWARES. He was previously with TI's domestic appliance division.

*

Mr. David Roberts, general manager of MIAC, has been appointed to the Board of that company which is a subsidiary of the Lonrho Group. Mr. Nick Harris has become marketing manager of MIAC leisure division.

*

Mr. A. J. S. Harding has been appointed a director of DALGETY INTERNATIONAL TRADING, a subsidiary of Dalgety.

*

Mr. C. C. B. Barker is to become managing director of PLASTASPRAY INTERNATIONAL (HOLDINGS) from July 1.

*

The Treasury has re-appointed Sir Oliver Millar as a trustee of the NATIONAL PORTRAIT GALLERY on the expiry of his term of office.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Jun. 12	Jun. 25	Sep. 6	Sep. 18
Jun. 26	July 9	Sep. 20	Oct. 2
July 10	July 23	Oct. 4	Oct. 16

For rate indications see end of Share Information Service

A further slight increase in Option market activity saw calls taken out in Premier Oil, Lonrho, Charterhall, Spillers, Savoy A, Cadbury Schweppes, UDT, Comfort Hotels, UK Properties, Shell, MEPC, Burton Ordinary A, Siebens (UK), Westland Aircraft, Wankie Colliery, S. W. Wood and Duple. Puts were done in Charterhall and Glaxo, while doubles were arranged in Charterhall, Ladbroke Warrants and Burmah.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
LASMO	25p	10	248	+12	248	124
BP	£1	9	1,162	+22	1,246	882
Grand Met. 'New'	Nil/pd.	8	7½pm	− 1	16pm	7½pm
ICI	£1	8	364	+ 1	415	346
BAT Inds.	25p	7	280	+ 4	362	263
Beecham	25p	7	533	+ 1	755	530
MEPC 'New'	Nil/pd.	7	6pm	+ ½	17pm	3pm
Shell Transport	25p	7	366	+ 6	402	278
GEC	25p	6	366	− 4	456	311
GKN	£1	6	263	+ 1	308	226
Hawker Siddeley	25p	6	194	−14	278	194
Turner & Newall	£1	6	140	− 1	176	135
Barclays Bank	£1	5	448	− 2	514	380
Burmah Oil	£1	5	130	—	134	82
Commercial Un.	25p	5	146	− 1	185	140

RECENT ISSUES

EQUITIES

Issue Price p:	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p:	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
60	F.P.	11/7	91	76	B & Q (Retail) 5p	83½	−2	2.46	2.8	2.9	17.9
‡115	F.P.	—	207	137½	††Baker (John)	192	+2	12.0	—	9.3	—
‡‡	F.P.	22/6	53	51	Fulcrum Inv. Income	51½	......	4.0	—	11.6	—
‡‡	F.P.	22/6	4½	3	Do. Capital 2½p	4	......	—	—	—	—
‡‡	F.P.	—	57½	36	Rock Darham	38	+2	—	—	—	—
—	—	—	£21½	£21	Rockwell Intl. Corp.	£21	−¼	$2.40	—	6.8	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
20p	F.P.	11/5	21½p	17p	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	17p	......
100	F.P.	27/7	110½	107½	Kwik-Fit (Tyres) 8% Cnv. Ln. 1979-85	110	......
100	Nil	26/6	2pm	¼pm	Marsh'll's Univ'rs'l 7½% Cnv. Cum. Red. Prf.	¼pm	......
100	£10	30/8	12	10	Portsmouth Water 8% Red. Prf. 1984	11	......
100	F.P.	11/5	118½	105	Slough Ests. 8% Cnv. 1991-94	107	+2
98	£25	23/8	25¼	23½	York Water 12% Deb 1986	23	......

"RIGHTS" OFFERS

Issue Price p:	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing price p:	+ or −
36	Nil	—	—	4pm	3½pm	Causton Sir J.	3½pm	......
52½	Nil	—	—	6pm	5pm	Combined English Stores	6pm	......
25	F.P.	8/6	6/7	51pm	40pm	Edwards (Louis C.)	44pm	......
126	Nil	29/6	10/8	16pm	7½pm	Grand Metropolitan	7½pm	−1
12	F.P.	1/6	29/6	15½	9	Hampton Trust	14½	......
110p	Nil	5/7	7/9	5pm	2pm	Intl. Timber	2½pm	......
154	Nil	22/6	27/7	17pm	3pm	MEPC	6pm	+½
86	Nil	—	—	131	101½	P.M.A. Holdings	114	......
210	Nil	22/6	20/7	60pm	40pm	Peterson Tennant	40pm	......
20	F.P.	—	—	45½	29	Provincial Laundries	39	+½
118	F.P.	1/6	29/6	126	100	Pullman (R. & J.)	106	−1
60	Nil	29/6	20/7	28pm	21pm	Scotcros	23pm	......
115	F.P.	11/6	2/7	135	123	Scot. Met. Prop.	124	......
265	Nil	15/6	27/7	295	270	Simon Engineering	274	......
150	Nil	15/6	13/7	156	142	Smurfit (Jefferson)	148	+3
455	F.P.	4/6	6/7	507	470	Standard Chartered Bank	480	......
138	F.P.	18/6	9/7	145	135	Tilling (Thomas)	135	−1
175	F.P.	23/5	4/7	249	210	Tricentrol	234	+10
93	F.P.	7/6	13/7	105¾	93	UDS	97	+1
20	Nil	18/5	13/7	25½	21	Weeks Associates	21	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit.

LEADERS AND LAGGARDS

The following table shows the percentage changes† which have taken place since December 29, 1978, in the principal equity sections of the FT Actuaries Share Indices. It also contains the Gold Mines Index.

Gold Mines FT	+47.28
Food Retailing	+30.71
Stores	+27.58
Mining Finance	+27.57
Oils	+27.20
Merchant Banks	+26.93
Property	+25.80
Insurance (Life)	+22.8[illegible]
Overseas Traders	+22.3[illegible]
Banks	+21.29
Electronics, Radio and TV	+20.8[illegible]
Breweries	+19.27
Discount Houses	+16.72
Newspapers and Publishing	+16.11
Consumer Goods (Non-Durable) Group	+15.33
Entertainment and Catering	+15.20
Financial Group	+15.12
Shipping	+15.03
Building Materials	+13.9[illegible]
All-Share Index	+13.79
500-Share Index	+13.60
Consumer Goods (Durable) Group	+12.71
Industrial Group	+11.09
Electricals	+11.03
Food Manufacturing	+ 9.21
Capital Goods Group	+ 8.01
Wines and Spirits	+ 7.94
Other Groups	+ 6.41
Metal and Metal Forming	+ 6.2[illegible]
Chemicals	+ 6.15
Investment Trusts	+ 5.71
Insurance (Composite)	+ 4.91
Mechanical Engineering	+ 4.86
Engineering Contractors	+ 3.74
Tobaccos	+ 2.8[illegible]
Contracting and Construction	+ 2.3[illegible]
Packaging and Paper	+ 2.[illegible]
Hire Purchase	+ 1.5[illegible]
Motors and Distributors	+ 1.34
Household Goods	− 2.25
Office Equipment	− 2.57
Textiles	− 5.60
Pharmaceutical Products	− 9.09
Insurance Brokers	−10.58
Toys and Games	−18.86

† Percentage changes based on Tuesday, June 19, 1979 indices.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., June 20, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues., June 19 Index No.	Mon., June 18 Index No.	Fri., June 15 Index No.	Thurs., June 14 Index No.
1	CAPITAL GOODS (172)	247.89	−0.5	17.14	5.37	7.64	249.18	246.84	247.08	246.12
2	Building Materials (27)	230.12	−0.6	17.41	5.44	7.66	231.50	229.19	231.22	230.56
3	Contracting, Construction (28)	365.51	−0.2	24.60	5.67	5.12	366.34	362.03	362.90	362.36
4	Electricals (14)	590.64	−0.9	13.06	3.14	10.55	595.95	592.15	588.36	580.73
5	Engineering Contractors (12)	368.33	+0.7	19.68	6.23	6.51	365.65	362.90	366.09	363.48
6	Mechanical Engineering (75)	188.21	−0.8	17.55	5.94	7.40	189.73	187.66	187.31	186.79
8	Metals and Metal Forming (16)	169.93	+0.4	19.00	8.78	6.60	169.26	167.36	168.84	171.27
	CONSUMER GOODS									
11	(DURABLE) (52)	233.89	+0.2	14.84	4.51	8.90	233.48	230.63	230.97	230.34
12	Lt. Electronics, Radio, TV (16)	317.77	+0.4	11.63	3.21	12.11	316.45	312.31	314.46	313.66
13	Household Goods (12)	162.66	—	17.18	7.10	7.80	162.59	162.45	163.19	163.42
14	Motors and Distributors (24)	120.83	−0.3	21.42	6.84	5.71	121.23	119.68	118.34	117.87
	CONSUMER GOODS									
21	(NON-DURABLE) (171)	238.48	+0.1	15.73	5.47	8.10	238.34	235.24	234.21	231.38
22	Breweries (14)	275.02	−0.4	14.81	5.38	8.09	276.07	272.24	271.67	266.30
23	Wines and Spirits (6)	305.72	+0.3	15.37	4.72	9.48	304.91	307.74	305.03	298.81
24	Entertainment, Catering (17)	310.07	+0.6	15.09	6.50	8.77	308.21	307.22	304.65	305.32
25	Food Manufacturing (19)	218.05	—	18.12	5.02	6.86	218.04	215.75	216.38	215.60
26	Food Retailing (15)	297.14	−0.1	11.11	3.90	11.92	297.52	293.28	292.65	290.93
32	Newspapers, Publishing (12)	433.99	+1.6	21.90	5.81	6.48	427.27	419.14	423.84	426.75
33	Packaging and Paper (15)	132.86	−0.6	21.39	8.03	6.06	133.64	131.64	134.07	132.19
34	Stores (41)	241.74	−0.1	11.69	4.09	11.49	242.10	237.62	235.16	230.45
35	Textiles (23)	168.52	+0.1	21.35	8.94	6.00	168.40	166.64	165.13	165.75
36	Tobaccos (3)	244.23	+1.0	25.25	8.07	4.94	241.75	237.69	236.11	232.55
37	Toys and Games (6)	75.59	−0.8	29.94	8.60	4.01	76.22	73.84	73.15	73.27
41	OTHER GROUPS (99)	206.46	+0.1	15.40	5.94	8.05	206.22	203.98	203.20	202.64
42	Chemicals (18)	293.22	+0.4	17.30	6.44	6.75	292.19	289.31	285.30	286.11
43	Pharmaceutical Products (7)	220.93	+0.1	12.44	4.94	10.01	220.66	219.88	218.46	219.43
44	Office Equipment (6)	125.69	+0.6	16.30	6.25	7.74	124.89	123.21	122.49	121.42
45	Shipping (10)	464.80	−0.6	10.02	6.45	13.36	467.47	457.62	461.26	455.97
46	Miscellaneous (58)	243.61	−0.1	15.92	5.82	8.18	243.78	240.61	241.78	239.73
49	INDUSTRIAL GROUP (494)	240.04	−0.1	15.93	5.48	8.02	240.19	237.42	236.83	235.13
51	Oils (6)	654.39	+1.8	12.05	3.21	8.82	642.72	645.41	643.36	639.58
59	500 SHARE INDEX	273.58	+0.3	15.25	5.08	8.15	272.86	270.46	269.75	267.88
61	FINANCIAL GROUP (115)	192.56	−0.3	—	5.25	—	193.23	190.55	190.92	189.26
62	Banks (6)	236.04	−0.5	28.22	4.92	4.58	237.11	236.34	234.23	231.32
63	Discount Houses (10)	250.09	+0.6	—	7.33	—	248.53	243.66	245.29	245.31
64	Hire Purchase (5)	165.78	−0.2	20.04	5.22	6.43	166.14	162.58	166.82	166.64
65	Insurance (Life) (10)	161.13	−1.2	—	6.31	—	163.13	159.81	159.68	158.13
66	Insurance (Composite) (8)	126.86	−1.3	—	7.12	—	128.53	125.20	126.73	124.13
67	Insurance Brokers (10)	275.24	−0.6	18.25	6.66	7.84	276.78	275.07	276.86	274.52
68	Merchant Banks (14)	98.13	−0.1	—	5.33	—	98.24	98.03	97.16	97.34
69	Property (42)	339.18	+0.8	3.12	2.57	49.05	336.41	331.84	332.60	333.57
70	Miscellaneous (10)	122.45	+0.4	15.20	7.29	8.43	121.97	120.42	120.97	120.57
71	Investment Trusts (111)	213.44	—	—	5.22	—	213.38	212.51	213.46	214.94
81	Mining Finance (4)	129.47	+0.2	15.42	5.81	7.88	129.18	128.17	129.73	128.75
91	Overseas Traders (20)	359.45	+0.4	15.40	6.81	8.25	358.17	356.13	355.64	355.80
99	ALL-SHARE INDEX (750)	250.94	+0.1	—	5.17	—	250.58	248.24	247.97	246.40

FIXED INTEREST PRICE INDICES ●

	British Government	Wed., June 20	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	104.87	+0.29	—	4.56
2	5-15 years	113.92	+0.34	—	5.81
3	Over 15 years	119.37	+0.79	—	7.30
4	Irredeemables	128.60	—	—	6.30
5	All stocks	112.14	+0.49	—	5.85

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Wed., June 20	Tues., June 19
1	Low Coupons	5 years	10.52	10.60
2		15 years	11.09	11.10
3		25 years	11.62	11.68
4	Medium Coupons	5 years	12.21	12.30
5		15 years	12.62	12.61
6		25 years	12.64	12.63
7	High Coupons	5 years	12.53	12.68
8		15 years	12.97	12.96
9		25 years	12.97	12.98
10	Irredeemables		11.44	11.43

		Wed., June 20 Index No.	Wed., June 20 Yield %	Tues. June 19	Mon. June 18	Fri. June 15	Thurs. June 14	Wed. June 13	Tues. June 12	Mon. June 11
15	20-yr. Red. Deb & Loans (15)	57.00	†13.02	58.31	58.34	58.42	58.40	58.66	59.54	59.57
16	Investment Trust Prefs. (15)	48.38	13.79	48.25	48.07	48.98	48.98	50.13	51.78	51.78
17	Coml. and Indl. Prefs. (20)	[illegible]	13.03	69.53	69.52	70.04	70.04	70.29	72.89	73.04

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.
● Index values adjusted to take account of partly-paid stocks.

AUTHORISED UNIT TRUSTS

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster May 21	42.2	44.2	—	5.71
Exempt May 31	108.7	122.7	—	5.95

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	54.3	57.1	—	3.71

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	68.7	73.2	—	4.64

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	55.2	58.7xd	+0.3	6.26
Mutual Inc. Tst	75.2	80.1	+0.1	7.24
Mutual Blue Chip	47.4	51.4	—	6.34
Mutual High Yld	58.7	63.6	+0.2	8.50

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 8535

Income June 6	163.4	169.4	-8.4	5.74
(Accum. Units)	231.8	240.4	-7.2	5.74
Capt. May June 20	137.6	142.6	-5.4	3.25
(Accum. Units)	169.4	175.6	-7.0	3.25

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth.Un.Tst	53.2	56.6xd	—	4.75
(Accum. Units)*	67.2	71.9	—	4.75
NPI O'seas. Trust	128.4	135.9	—	2.40
(Accum. Units)**	139.1	147.2	—	2.40

*Prices on June 19. Next dealing July 4.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	71.2	76.5xd	+0.4	3.89
Extra Inc.	66.9	71.9	—	8.76
Financial	35.8	38.4	—	5.29
Growth Inv.	90.2	96.9	+0.4	4.75
Income	36.8	39.5	—	7.37
Portfolio Inv. Fd.	74.3	77.7xd	+0.3	6.13
Universal Fd	45.4	48.8	+0.4	2.73

NEL Trust Managers Ltd.♥ (a)(g)

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	141.5	150.5	+0.5	4.69

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	126.0	131.3		3.42
Quadrant Income	146.8	151.4		7.56

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	70.0	74.8	—	5.85
Sekforde T. (Acc.)	45.0	48.1	+0.1	5.15
Sekforde T. Inc.	42.3	45.2	+0.1	5.15

Ridgefield Management Ltd.
38-40, Kennedy St., Manchester 061-236 8521

Ridgefield Int. UT	82.0	87.0xd	—	2.73
Ridgefield Income	94.0	101.0xd	—	9.03

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Equity Fund	175.6	186.8	+0.3	3.75
N.C. Engy. Res. Tst.	120.5	128.1	+0.8	2.93
N.C. Income Fund	156.1	166.0xd	+0.4	7.60
N.C. Intl. Fd. (Inc.)	78.9	83.9	+0.1	1.66
N.C. Intl. Fd. (Acc.)	80.0	85.1	+0.3	1.66
N.C. Smllr Coys Fd.	191.8	204.1	+1.6	3.85

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American June 14	64.0	67.0	—	1.44
Securities June 19	195.5	206.0	—	3.72
High Yield June 15	54.8	57.6	—	9.22
(Accum. Units)	82.3	86.5	—	9.22
Merlin June 20	86.2	90.8	-3.5	3.88
(Accum. Units)	108.5	114.3	-4.3	3.88

Royal Tst. Can. Fd. Mgrs. Ltd.
48-50, Cannon St., London EC4M 6LD 01-236 6044

Capital Fd.	70.8	74.7	—	3.48
Income Fd.	71.3	75.2	—	7.48

Prices at June 15. Next dealing June 29.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

Alexander Fund
37, rue Notre-Dame, Luxembourg.

Alexander Fund		US$7.77	+0.15	—

Net asset value June 18.

Allen Harvey & Ross Inv. Mgt. (C.I.)
1 Charing Cross, St. Helier, Jsy., C.I. 0534-73741

AHR Gilt Edg Fd	£12.07	12.08xd	—	12.23

Arbuthnot Securities (C.I.) Limited
P.O. Box 284, St. Helier, Jersey. 0534 76077

Cap. Tst. (Jersey)	117.0	121.0	—	8.26

Next dealing June 25.

Gov't Secs. Tst.	92.0	95.5	—	13.08

Next dealing June 25.

East &Intl.Tst.(CI)	100	107	—	3.50

Next dealing date June 28

Australian Selection Fund NV
Market Opportunities, c/o Irish Young & Outhwaite, 127 Kent St., Sydney

US$1 Shares		$US1.48	—	—

Net asset value November 24.

Bank of America International S.A.
35 Boulevard Royal, Luxembourg G.D.

Wldinvest Income	112.15	112.73	—	8.21

Prices at June 13. Next sub. day June 20.

Banque Bruxelles Lambert
2, Rue De la Regence B 1000 Brussels

Renta Fund	US$57.83	59.62	-0.01	8.05

Barbican Managers (Jersey) Ltd.
P.O. Box 63, St. Helier, Jersey 0534 74806

Barb. Int. Fund	87.4	92.7xd	—	4.50

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Overseas Income	47.3	49.7		12.75
Unidollar Trust	US$11.59	12.18	-0.10	1.66
Unibond Trust	US$98.41	99.30xd		9.00

Kemp-Gee Managemt. Jersey Ltd.
1 Charing Cross, St. Helier, Jersey. 0534 73741

Capital Fund	109.9	113.3	-10.4	—
Income Fund	64.4	66.4xd	-3.2	9.18
Gilt Bond	£1,015	1,069	—	—

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070

Fonselex	Fr.1,379	1,451	—	2.40
Bondselex	117.25	123.05	-1.55	2.40
Cent. Assets	£146.56	146.62	+0.06	—

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856

Gilt Fund (Jersey)	9.32	9.38	-0.14	12.00
Gilt Trust (I.o.M.)	104.6	107.3	—	12.00
Gilt Fnd. Guernsey	9.55	9.60xd	-0.10	12.00

Intl. Govt. Secs. Tst.

First Sterling	£18.35	18.40	—	—
First Intl.	$US204.6	209.75	—	—

Kleinwort Benson Limited
20, Fenchurch St., EC3. 01-623 8000

Eurinvest		LF1,093	-1	4.39
Guernsey Inc.	67.0	71.0	—	4.61
Do. Accum.	85.2	90.2	—	4.61
KB Far East Fd.		US$13.16xd	—	2.28
KB Gilt Fund	£10.78	10.85	—	11.39
KB Intl. Fund		$US12.53	—	2.23
KB Japan Fund		US$31.66	—	0.94
K.B. U.S. Gwth. Fd.		$US13.16xd	—	1.59
Signet Bermuda		US$5.35	—	1.68
K.B. Int. Bd. Fd.		$104.49	—	—

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey. 0534 27561

Lloyds Tst. O'seas	52.1	54.8	—	2.75

Next dealing July 16

Lloyds Trust Gilt	£10.12	10.23	-0.28	11.75

Next dealing June 27

Lloyds Bank International, Geneva

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 15½% (based on US$2.1307 per £)

Conversion factor 0.6885 (0.6803)

CANADIANS

[illegible]

S.E. List Premium 15½% (based on $2.5043 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

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INDUSTRIALS—Continued

1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
33	Harris & Sheldon	47	......	h2.21	2.2	6.7	9.8
53	Hawkins & Tipson	54	+1	4.46	2.9	11.8	4.0
12¼	Hawtin 5p	15½	+½	0.25	6.7	0.2	7.1
57	Hay (Norman) 10p	60	......	3.7	1.8	8.8	9.1
36	Hay's Wharf £1	161	+1	†5.52	2.7	4.9	9.6
27	Hensher 'A' 10p	35	......	d1.7	6.3	4.5	5.1
74½	Hepworth Cerm.	107½	+1	3.68	3.6	4.9	7.3
42	Hestair	44	+1	3.5	—	11.4	—
25	Hewitt (J.) 5p	40	+2	1.28	6.3	4.8	4.2
50	Highgate & Job 50p	68	......	‡2.54	2.4	‡	11.4
80	Hill (Chas.) £1	85	......	d2.0	—	3.4	—
29	Hirst Mal'son 20p	40	+1	t2.6	3.6	9.3	4.1
78	Holden (A.)	87	......	g3.62	3.9	5.9	6.9
53	Hollis Bros	67	......	†4.56	1.8	9.7	8.2
51	Holt Lloyd Int. 10p	187	−9	§9.0	2.3	6.9	9.9
95	Hoover 'A'	180	+6	12.0	1.1	9.5	12.4
30	Hoskins & H 20p	143	......	10.39	1.4	10.4	8.9
31½	Howard Tenens	43¾	......	1.91	1.9	6.3	10.0
42	Hunting Assoc.	232xd	......	2.44	11.4	1.5	6.6
38	Huntleigh 10p	68	+3	0.76	6.5	1.6	12.3
15	Hutch Whamp $HK1	46	......	Q23c	2.5	4.8	8.3
15	Hyman (I. & J.) 5p	25	+1	d0.96	3.6	5.5	7.2
75	††IAS Cargo Air	128	+3	Pd2.8	2.5	3.1	(14.2)
15	Do. 6% Cnv. Pref.	178	......	6.0%	11.2	4.8	—
14½	I.C. Industries$1	£15½	+½	Q$1.52	—	5.1	—
30	ICL £1	457	−8	†8.29	8.0	2.6	5.0
8	Imp. Cont. Gas £1	477	+8	g9.96	3.3	3.0	11.3
9	Ingall Inds. 10p	29	......	†1.87	1.6	9.2	9.6
8½	Initial Services	124	......	§5.06	2.8	5.8	8.4
6	Inter-City 20p	22	+½	1.17	4.0	7.8	3.7
2	Jacksons Bourne	160	......	t¢2.0	4.4	1.8	18.3
7	James (John)	55	......	†d2.76	2.8	7.2	5.4
5¼	James (M.) Inds. 20p	17	......	d1.02	1.3	8.6	12.6
7	Jardine M. $HK5	118	......	Q71c	2.2	5.8	7.8
0	Jentique	32½	......	†2.22	1.4	9.8	10.1
9	Johnson & Barnes	10½	......	—	—	—	—
5	Johnson Clnrs.	141	+2	5.06	3.7	5.1	5.7
5	Johnson Mthy. £1	215xd	......	8.5	ϕ	5.6	ϕ
6	Jourdan (T.) 10p	43	......	3.22	1.1	10.7	(11.2)
5½	Kalamazoo 10p	60	+1	†2.16	1.8	5.1	15.2

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
282	188	Gen. Accident	[illegible]					
290	210	G.R.E.	[illegible]					
141	77	Hambro Life	[illegible]					
280	190	Heath (C.E.)	[illegible]					
151	105	Hogg Robinson	[illegible]					
137	87	Howden (A.)	[illegible]					
£42	£36	Do Warrants	[illegible]					
190	138	Legal & Gen.	[illegible]					
158	118	Lon. & Man.	[illegible]					
196	155	London United	[illegible]					
230	167	Mathew Wr.	[illegible]					
194	129	Minet Hldgs.	[illegible]					
60	34	Moran (Chris)	[illegible]					
304	216	Pearl 5p	[illegible]					
306	218	Phoenix	[illegible]					
158	134	Provident	[illegible]					
193	134	Prudential	[illegible]					
172	134	Refuge 5p	[illegible]					
443	325	Royal	[illegible]					
123	90	Sedg Forbes	[illegible]					
105	82	Stenhouse	[illegible]					
682	474	Sun Alliance	[illegible]					
147	95	Sun Life 5p	[illegible]					
938	582	Taisho Mar.	[illegible]					
215	170	Trade Indemnity	[illegible]					
£27¾	£20½	Travelers $2	[illegible]					
270	222	Willis Faber	[illegible]					

LEISURE

1979 High	1979 Low	Stock	Price
100	55	Anglia TV 'A'	[illegible]
103½	70	Assoc. Leisure	[illegible]
167	107	Barr & W.A.T.	[illegible]
102	77	Black Edgtn.	[illegible]
202	156	Boosey & Hawkes	[illegible]
127	92	Campari Int.	[illegible]
133	106	Coral Leis.	[illegible]
53	35	Grampian 'A'	[illegible]
163	118	HTV Non/Vtg	[illegible]

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

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[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

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Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

MINES—Continued

AUSTRALIAN

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	12	......	—	—	—
171	110	Bougainville 50 Toea	113	+3	Q15c	1.0	8.2
140	84	BH South 50c	98	+3	—	—	—
730	340	Central Pacific	625	+25	—	—	—
318	182	Conzinc Riotinto 50c	184	+2	§Q10c	2.0	2.8
36	17	Cultus Pacific N.L.	17	......	—	—	—
21½	11	Endeavour 20c	12	−½	—	—	—
98	62	G.M. Kalgoorlie $1	64	+2	Z03c	—	2.0
42	23	Hapma Gold N.L.	26	+1	—	—	—
174	148	Hamptn Areas 5p	165	......	¢t3.55	2.0	3.1
71½	25	Metals Ex. 50c	52	......	—	—	—
275	180	M.I.M. Hldgs. 50c	180	+6	†Q9c	1.7	2.7
15	15	Minefields Expl.	15	......	—	—	—
74	38	Mount Lyell 25c	42	+1	—	—	—
44	15	Newmetal 20c	16	......	—	—	—
141	98	North B. Hill 50c	101	+2	†Q8c	1.3	4.5

[illegible]

TINS

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]							
95	66	Kamunting $M0.50	70	......	†Q12.5c	2.1	3.8
620	210	Killinghall $M1	370	......	—	—	—
465	365	Malay Dredging $M1	405	+10	†175c	0.7	1.6
57	32	ΔPahang	35	+3	—	—	—
123	60	Pengkalen 10p	103	−2	4.5	1.2	6.5
275	205	Petaling $M1	240	+5	†Q120c	1.3	10.7
85	72	Saint Piran	75	......	†2.03	6.5	4.0
58	48	South Crofty 10p	48	......	†4.19	2.0	13.0
230	170	South Kinta $M0.50	190	+10	†Q145c	0.6	16.4
405	285	Sthn Malayan $M1	375	+5	†Q190c	1.0	10.9
310	210	Sungei Besi $M1	255	+10	mQ65c	5.3	5.5
75	48	Supreme Corp. $M1	50	+2	ZQ10c	—	4.3
105	94	Tanjong 15p	101	+1	6.60	0.8	9.3
115	95	Tongkah H. Tin	95	......	†Q24c	0.7	5.7
280	200	Tronoh $M1	205	+5	Q25c	5.2	2.7

COPPER

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	88	+1	—	—	—

MISCELLANEOUS

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	68	......	—	—	—
13½	10	Burma Mines 17½p	13	......	—	—	—
345	170	Cons. Murch. 10c	295	+15	ZQ30c	—	6.3
410	325	Northgate C$1	365	+5	—	—	—
362	226	R.T.Z.	298	+2	11.5	2.7	5.5
31	18	Robert Mines	22	......	—	—	—
65	36	Sabina Inds. C$1	36	......	—	—	—
880	612	Tara Exptn. $1	637	......	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	1979 Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$17½	$10½	Buffels R1	$14⅞	......	Q200c	ϕ	13.6
$15½	890c	East Drie R1	$14¼	+⅛	†Q215c	1.6	9.0
950c	350c	East Rand Prp. R1	900c	......	†Q10c	—	1.3
$27	$18¼	F.S. Geduld 50c	$25¾	+¾	†Q315c	2.4	14.1
$19	$11½	Pres. Brand 50c	$19	+½	†Q150c	3.2	9.1
$17¾	$10¼	St. Helena R1	$17¾	+1	†Q190c	1.4	12.3
760c	407c	Stilfontein 50c	670c	+10	†Q66c	ϕ	12.0
$34¾	$18¾	Vaal Reefs 50c	$34⅞	+⅞	Q280c	2.7	9.3
$50¼	$28¾	West Drie R1	$49½	+½	Q615c	1.7	23.0
$35¾	$22¼	West Hldgs. 50c	$35	+¾	†Q415c	1.4	13.6
$16¾	$10½	Western Deep R2	$16¼	+¼	Q147½c	2.1	10.4

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- § Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ≑ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv. 20p	26	......	Sheff. Refrshmt	87	......
Bertam	24	......	Sindall (Wm.)	140	......
Bdg'wtr. Est. 50p	410	......	IRISH		
Clover Croft	28	......	Conv. 9% '80/82	£88⅞	......
Craig & Rose £1	£11½xd	......	Alliance Gas	65	......
Dyson (R. A.) A	38	......	Arnott	390	......
Ellis & McHdy	68	......	Carroll (P.J.)	115xd	......
Fife Forge	54	......	Clondalkin	86	+1
Finlay Pkg. 5p	19	......	Concrete Prods.	181	......
Graig Ship. £1	275	......	Heiton (Hldgs.)	81	−1
Higsons Brew	78	......	Ins. Corp.	217	......
Holt (Jos) 25p	260	......	Irish Ropes	87½xd	......
I.O.M. Stm. £1	165	+1	Jacob	45	......
Pearce (C. H.)	235	......	T.M.G.	198	......
Peel Mills	30	......	Unidare	86	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	9	I.C.I.	24	Tube Invest.	30
BOC Intl.	6	"Imps"	8	Unilever	55
B.S.R.	7	I.C.L.	55	U.D.T.	5
Babcock	18	Inveresk	7	Utd. Drapery	10
Barclays Bank	32	KCA	5	Vickers	18
Beecham	52	Ladbroke	22	Woolworths	7½
Blue Circle	18	Legal & Gen.	14		
Boots	18	Lex Service	11	**Property**	
Bowaters	18	Lloyds Bank	25	Brit. Land	7½
B.A.T.	28	"Lofs"	5	Cap. Counties	9
Brown (J.)	50	London Brick	7	Land Secs.	[illegible]
Burton 'A'	26	Lonrho	8	MEPC	[illegible]
Cadburys	7	Lucas Inds.	25	Peachey	[illegible]
Courtaulds	10	"Mams"	18	Samuel Props.	[illegible]
Debenhams	8	Mrks. & Spncr	11	Town & City	2¼
Distillers	21	Midland Bank	30		
Dunlop	6½	N.E.I.	14	**Oils**	
Eagle Star	14	Nat. West. Bank	28	Brit. Petroleum	180
E.M.I.	12	Do. Warrants	15	Burmah Oil	13
Gen. Accident	21	P & O Dfd.	10	Charterhall	5
Gen. Electric	35	Plessey	10	Premier	5
Glaxo	50	R.H.M.	5	Shell	25
Grand Met.	14	Rank Org.	25	Ultramar	25
G.U.S. 'A'	30	Reed Intnl.	18		
Guardian	24	Sears	5½	**Mines**	
G.K.N.	28	Spillers	4½	Charter Cons.	16
Hawker Sidd	26	Tesco	7	Cons. Gold	20
House of Fraser	18	Thorn	35	Rio T. Zinc	27
		Trust Houses	17		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday June 21 1979

Rises for top civil servants

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT has agreed rises of up to 38 per cent for about 1,750 senior civil servants. The staged increases are likely to add further strain to pay relations with higher-grade Whitehall staff.

The overall increase will take the maximum pay of 1,100 assistant secretaries from £12,273 to £17,000, a rise of 38.2 per cent, and the maximum pay of 650 senior principals from £10,809 to £15,000, a rise of 38.8 per cent.

In line with the settlement for the rest of the 600,000 white-collar civil servants last month, the increases for the two grades will be staged to give 9 per cent backdated to April 1, 5 per cent on August 1 and the balance of the agreed rises on January 1 next year.

The First Division Association and the Society of Civil and Public Servants have accepted the offer—"with reluctance" because the findings of the independent Pay Research Unit comparability studies showed maximum rises due to assistant secretaries of 52 per cent, to take them to £18,700.

Civil Service Department negotiators had to cut the due rates, though, to try to preserve differentials with the 550 under-secretaries.

As the agreement stands, though, the new assistant secretary maximum is higher than the rate of £16,714 awarded to under-secretaries on the basis of the report of the Top Salaries Review Body, chaired by Lord Boyle, which awarded average increases of 25 per cent.

The agreement for the two grades, which was held up until the publication of the Boyle report, also sets up an urgent joint review on the pay relations between assistant and under-secretaries.

Egypt to form own arms industry

BY ROGER MATTHEWS IN CAIRO

EGYPT is to press ahead on its own with attempts to set up an Arab arms industry, in spite of the withdrawal of Saudi Arabia, Qatar and the United Arab Emirates from the $1.04bn (£490m) Arab Organisation for Industrialisation.

The decision, announced yesterday by General Kamal Hassan Ali, Egypt's Minister of Defence, puts the onus for the continuation of the organisation on three British companies, Westland Aircraft, Rolls-Royce and British Aerospace, and one U.S. company, American Motors.

These companies all have substantial joint-venture agreements with the AOI—to be renamed the Egyptian Organisation for Industrialisation from July 1—to produce Lynx helicopters, the Swingfire anti-tank missile and jeeps. The eventual value of orders was estimated at well over £500m.

When the AOI was set up nearly four years ago the three oil-producing states agreed to provide the funding while Egypt would contribute existing factories, land and labour. General Hassan Ali confirmed that the other three states are determined to wind up the AOI because of Egypt's peace treaty with Israel.

"Egypt will respect all the commitments towards the other European companies and countries," said the Defence Minister, although he declined to explain how Egypt could finance the operation beyond stating that in the past week he had received offers of $200m "from Egyptians working at home and abroad." He thought raising a public subscription might be considered.

General Hassan Ali added that the three withdrawing nations would be responsible for all the commitments resulting from the liquidation of AOI. This is presumed to indicate that Egypt is expecting to negotiate new joint-venture agreements with the British and U.S. companies.

Egypt would be reviewing the "manner of investment" as well as the quantity of weapons that would be produced, and by the end of this month would have decided on whether to utilise "local, Arab or world-wide financing."

Although the British companies have yet to make their position public all indications are that they would prefer to withdraw completely from AOI. The possible exception is the dynamics division of British Aerospace which is well advanced with its Swingfire missile project.

The legal position is extremely complex with the British companies having 30 per cent stakes in the joint-venture companies and having also been guaranteed under the terms of the contracts with AOI a fixed profit margin on anticipated sales, even if these figures were not achieved.

Egypt is in no position to offer such generous contracts and has complicated relations with its three Arab partners by freezing AOI funds held in Cairo.

President Anwar Sadat has a great deal at stake. The AOI was scheduled to play an even more important role in maintaining Egypt's military credibility. It was on the point of signing a major deal that would have led to the renovation of 190 Soviet-built MIG-21 fighters that are the backbone of the airforce.

Gilts dealing may be reviewed

BY CHRISTINE MOIR

THE STOCK EXCHANGE is considering a review of the mechanics of gilts dealing on the market floor.

Last Wednesday, in the heaviest turnover ever seen on one day in the gilts market, tempers flared at the way in which jobbers handled opening dealings in the £800m long-dated tap stock activated for the first time by the Government broker.

The uproar lasted for only a few moments and subsided when the jobbers marked down their prices.

Now, although no official complaints have been made, Mr. Nicholas Goodison, chairman of the Stock Exchange, is replaying the events of the morning with the two main jobbers concerned, Akroyd and Smithers and Wedd Durlacher Mordaunt.

He will then report to the Governor of the Bank of England with recommendations, if any, as to whether gilt market practices should be generally reviewed.

Yesterday Mr. "Tommy" Gore Browne, the Government broker, gave a warning that it would be foolish to hurry into changes to the system on the basis of an unprecedented event that might never be repeated.

"This is the best fixed-interest market in the world. Don't let us start chopping it down."

Mr. Gore Browne agreed that the gilts market, which he said was being used by the Government for a purpose for which it was never intended, had been the subject of criticism.

It would be "ridiculous," he said, "to think it would never change." There would, for instance, be enormous pressure on it in the next three decades as the national debt had to be "rolled over" to the tune of some £4bn to £5bn a year.

He firmly opposed plans made in some quarters in the light of last Wednesday's fracas for the introduction of a half-hour halt to dealing after a new tap is activated.

"Most people would be very reluctant not to be able to deal virtually at all times," he said. "I believe in halting dealing only when there is some obviously new event such as a change in Minimum Lending Rate."

He also defended the jobber's role as intermediary between himself and the brokers. "For me to deal directly with the public would destroy the market."

Peter Riddell, Economics Correspondent, writes: Sterling rose sharply yesterday against most main currencies as high UK interest rates continued to attract foreign investors.

That suggests that there might be some foreign interest in the large new gilt-edged issues on offer this morning. But, in general, City stock brokers were saying last night that the two issues — £800m of 1984 stock and £1bn of 1999 stock — would attract only limited demand.

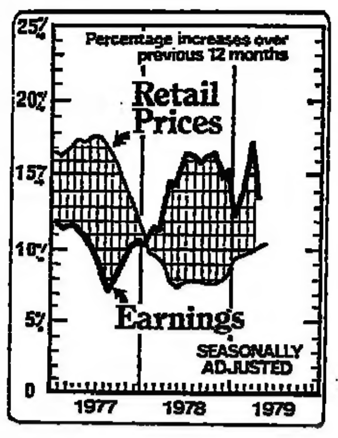
That reflects continued uncertainty in the gilt-edged market about inflation, interest rates and current account prospects. Brokers expect that any domestic demand will be focused on the 1984 issue while foreigners may be more interested in the longer-dated stock.

The attraction of the latter is that only £15 for each £100 nominal of stock has to be subscribed today, and that offers scope for speculation on interest rates and sterling.

Both stocks are being offered in a partly paid form by means of a tender with a minimum price.

Sterling rose 95 *cents against* the dollar to $2.1330 for a two-day gain of 2.68 cents. The trade-weighted index, measuring the value of sterling against a basket of other currencies, rose by 0.4 points to 68.6.

The West German Bundesbank intervened yesterday at the fixing to support the dollar for the first time in more than four months. It bought up $30m to stabilise the U.S. currency after the rate had dropped from DM 1.8740 to DM 1.8597.



Pay round rise of 14% likely

By Alan Pike, Labour Correspondent

IT REMAINS likely that the present pay round will end this summer with an increase in earnings similar to last year's 14.2 per cent.

In the first nine months of the present round, earnings rose by 8 per cent, compared with 8.7 per cent in the same period last year.

Earnings increased by 13.5 per cent over the 12 months to April, compared with 14.9 per cent in the year to *March* and 15 per cent in the year to February. The decline in the annual rate to April reflects the substantial numbers of backdated settlements in April, 1978, which no longer form part of the calculation.

Yesterday's Department of Employment figures leave Ministers expecting an annual rate of increase of about 14 per cent for the second year running when the present round expires at the end of next month.

By April, about 4.6m workers in principal groups had settled claims during the present round, about the same as last year.

The number of workers to have settled in this round will by now be higher than April's 4.6m, but, since the election, the Government has abandoned the close monitoring of pay settlements carried out by the Labour Administration.

In the closing months of the pay round, therefore, detailed information on settlements will cease to be available to the Department of Employment. Indeed, the whole notion of an August-to-August annual pay round, inherited from the Labour pay policy, is largely out*moded under the Govern*ment's free collective bargaining approach.

On yesterday's figures, the new index of average earnings, which covers the whole economy, stood at 144.3 in April (January 1976=100) compared with 143.7 in March. The older index, largely based upon production industries, stood at 367.9 (January 1970=100, seasonally adjusted) against 369.3 in March.

THE LEX COLUMN

A profits warning from the Bank

The big gilt-edged brokers last night were not holding enough domestic applications to absorb much of today's two new gilt issues. Despite a certain amount of speculation that foreign buying through banks might be sizeable—sterling was strong yesterday—the general feeling is that it will be a quiet morning in Watling Street.

Profitability

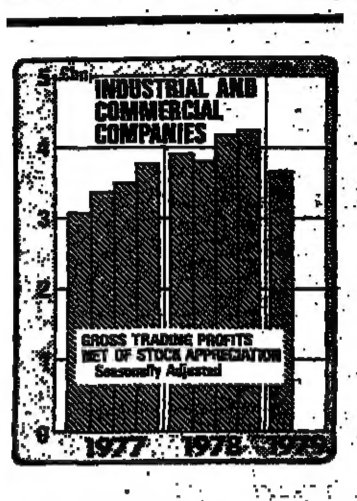
The Bank of England's gloomy projections about company profits in its Quarterly Bulletin coincide with the release of first quarter gross domestic product estimates which include calculations for the company sector. These show that the steady rise for several years in gross trading profits for industrial and commercial companies petered out in January-March under the influence of industrial *disruption* and rising costs. There was still an improvement of 16 per cent compared with the first quarter of 1978, but only because of a sharp jump in stock appreciation. Taking this out, company profits were 6 per cent lower than a year earlier and the trend for non-North Sea oil companies must have been significantly worse.

In the second quarter there has been a rebound in industrial output, but the trade figures have shown that much of the benefit of buoyant demand has been snapped up by importers. The Bank dwells glumly on rising raw material costs, wages far outstripping productivity growth, and declining competitiveness. With output later in the year likely to come under the influence of the sluggishness of world demand growth, the upshot is likely to be a squeeze on profitability.

Continuing their regular monitoring of company profits in real terms, the Bank's economists now estimate that the real pre-tax return on capital by non-North Sea companies improved a little during 1978, but only from 4.5 to 4.7 per cent. This is still a very long way below the returns of 10 per cent or more achieved before 1970.

But this is on the basis of a very conservative formula which leaves out the benefit of gearing to equity holders. The Bank has calculated the return for the year, 1977, on the basis of the new exposure draft ED 24 which includes a partial gearing adjustment, and this emerges at more like 6 per cent. On a full gearing adjustment—allowing for unrealised as well as realised

Index fell 1.5 to 485.1



gains—the pre-tax return would be over 7 per cent which is no cause for alarm. But whatever the basis of calculation, the Bank concludes that the longer term trend has been downwards.

Tesco

Tesco is really starting to feel the benefit of its "Operation Checkout" launched two years ago this month. The aim was to counter the inroads of the cut-price retailers into Tesco's traditional grocery market and its bold initative to cut prices overnight by 5 per cent has certainly paid off. In 1978-1979 sales volume was up by over 15 per cent, the group's market share rose to 13.4 per cent (against 8 per cent a couple of years ago) and most important of all, pre-tax profits have improved by 32 per cent at £37.7m which compares favourably with the 18 per cent gain at rival Sainsbury's.

It is too soon to judge whether "Operation Checkout" is having a once and for all effect on Tesco's profits or whether the increased market share will lead to economies of scale which will give it a fundamental advantage over its smaller competitors. So far this year the group seems confident enough and sales are running some 25 per cent higher which implies further impressive volume growth. At 70½p the shares yield 4.1 per cent and sell on six times stated earnings.

Tate and Lyle

Tate and Lyle warned that it would be a hard struggle to maintain last year's depressed results in 1978-79—and that is just the way things ... out. Half year profits ... £13.5m pre-tax against ... but the latest figure ... £7.2m from asset sales ... pared with virtually nothing ... year ago. In the current year, profits excluding disp... are likely to be a bit better ... in the first six months, and ... a bit of luck the reported fig... could be close to last ye... £24.6m pre-tax. That is sti... far cry from the peak of £52... which Tate hit three years ...

The main worry remains ... future of the sugar refi... activities in the UK. These ... ploy total assets of over £... and produced a profit of ... £0.8m before finance costs in ... half year. The renegotiatio... the European sugar regim... coming up to a crunch in ... *next few* months, and deci... taken then about the ba... between beet and cane ... volumes in the UK, and ... the refining margin, will de... mine whether Tate's operat... are viable at their present ...

Meanwhile, the group h... to contain its borrowing ... around £115m over the ... helped by the sale of the S... Line which should go throu... September. Shareholders' ... total £204m, but uncertai... about the value of the ref... assets are reflected in a ... capitalisation of £83m ... yield of 10 per cent at 152p.

Ferranti

The honeymoon period is ... for Ferranti. At the time ... stock market debut last ... it was being billed as an ... high technology growth ... *a la Racal*. But having incr... its pre-tax profits by ... 50 per cent in each of ... previous two years, Ferr... profits rose by a mere ... cent to £9.9m in 1978/79. ... the glamour bits of the bus... such as the Scottish grou... the computer systems, did ... well but they were offset ... poor performance in Ca... (currently being sold) a... surprise £1.1m loss on ... engineering side.

Even assuming that ... stage a healthy recovery to ... or so in the current year ... shares are still standing ... demanding rating. At 410p ... sell on 15 times prosp... fully taxed earnings and ... 2 per cent. After this desu... performance the big instit... will be revising downwards ... price they will be prepare... pay if, and when, the Gov... ment sells off the NEB sta...

Muzorewa loses majority

BY TONY HAWKINS IN SALISBURY

BISHOP MUZOREWA, Prime Minister of Zimbabwe-Rhodesia, lost his overall majority in Parliament yesterday when eight MPs resigned from his United African National Council to form the Zimbabwe Democratic Party, led by Mr. James Chikerema.

Mr. Chikerema, first vice-president of the Council and technically the Bishop's deputy, was excluded from Bishop Muzorewa's Cabinet, formed last month.

The Bishop now has 43 seats in the *100-seat* House of Assembly. Mr. Ian Smith's Rhodesian Front has 28, Mr. Sithole's ZANU 12 and Chief Ndiweni's United National Federal Party nine.

Mr. Chikerema's Party will have eight seats. It has claimed a Cabinet seat by pre-election agreement whereby every party is entitled to one Cabinet post for every five seats it holds in Parliament.

The split in the Council is seen as a blow to the Bishop's efforts to obtain international recognition and an end to economic sanctions. Observers fear that it will strengthen the hand of those abroad who argue that the Bishop's Government does not command majority support in the country.

The walkout has raised the spectre of new tribal divisions, although the new party denied that the split was tribally motivated. It attacked Bishop Muzorewa's "dictatorial" policies.

Mr. Sithole's 12 ZANU MPs are boycotting Parliament and will not take up their seats when the first session of the new Parliament opens next Tuesday. But even with 38 MPs in the House, the Bishop no longer has an overall majority.

Mr. Chikerema's decision to form his own party was not a surprise. Six MPs in the new party come from one area: the Zwimba tribal trust land, west of Salisbury.

The council promptly branded the walk-out as a "Zwimba clique exit."

The split will strengthen *further the hand of whites in* the Rhodesian Parliament because black voting strength will be diluted. The walk-out also raises the possibility of tough action by the Bishop to stamp his authority on the country when Parliament opens next week.

Continued from Page 1

UK industry's profits

Consequently, "the prospect is that the pressure on the profitability and financial position of all companies will continue."

The Bank suggests that with company profits suffering a check, the rise in earnings in the next pay round could be less in many sectors that over the last year, but the ability to pay higher wages will vary greatly from industry to industry.

Comparability studies could also have a big impact. If relative central and local government earnings are restored to the average *1970-78* position, this could add roughly 5 per cent to the pay of these workers, and 1 per cent to overall earnings. If pay levels are *restored* to the 1975-76 position, the effect could be twice as large.

The Bank generally expects little growth in the economy over the next year, while the poor balance of payments performance may be an uncomfortably close constraint on faster expansion until the underlying trade position can be improved.

The bulletin stresses the Bank's view that the tax and public spending measures in last week's Budget should "prove to be widely beneficial to enterprise and the economy."

The Gross Domestic Product statistics confirm that total output fell by 1 to 1½ per cent between the fourth quarter of last year and the first three three months of 1979. This was *largely* as a result *of bad* weather conditions and industrial disputes.

On a longer term view, total output (as measured by real Gross Domestic Product) in the year to the end of March was about 3 per cent higher than in the previous 12 months.

Weather

UK TODAY

COOLER with some cloud in the South, rain or drizzle in the North.

London, N.E., S.E., E. England, E. Anglia

Mist and cloud at first. Sunny intervals developing. Max. 23C (73F).

Cent. S. and N. England, Midlands

Dry with sunny intervals. Max. 23C (73F).

S.W., N.W. England, Wales, C. Islands, Lake District

Cloudy, sunny intervals inland. Max. 21C (70F).

S.W. and N.W. Scotland, Cent. Highlands, Glasgow and Argyll

Cloudy, rain at times. Max. 17C (63F).

N.W. Scotland, Borders, Edinburgh and Dundee, Aberdeen, Moray Firth

Dry and bright becoming cloudy. Some rain. Max. 20C.

Outlook: Cooler with rain in places.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	21	70	Locarno	F	21	70
Algiers	S	27	81	London	S	24	75
Amsdm.	S	21	70	Luxmbg.	F	23	73
Athens	S	29	84	Luxor	S	43	109
Bahrain	S	36	97	Madrid	S	33	91
Barcina.	S	23	73	Majorca	F	25	77
Belfast	C	18	64	Malaga	S	25	77
Belgrd.	C	18	64	Malta	F	25	77
Berlin	S	24	75	Mchstr.	S	24	75
Biarritz	F	20	68	Melbne.	Fg	10	50
Bmghm.	S	23	73	Milan	C	22	72
Blackp'l	S	19	66	M'ntreal	S	24	75
Bordx.	S	25	77	Moscow	C	16	61
Boulgn.	S	19	66	Munich	C	15	59
Bristol	S	23	73	Nairobi	R	21	70
Brussels	S	22	72	Naples	F	24	75
Budpst.	C	19	66	Nwcstl.	S	23	73
B. Aires	S	14	58	N. York	S	24	74
Cairo	S	37	98	Nice	S	22	72
Cardiff	S	21	70	Nicosia	S	32	90
Cas'b'ca	S	23	73	Oporto	S	20	68
Cape T.	S	18	66	Oslo	S	24	75
Chicago	C	25	77	Paris	F	25	77
Cologne	F	23	73	Perth	Fg	20	68
Conhgn.	S	20	68	Prague	S	22	72
Corfu	S	26	79	Reykjvk.	R	9	48
Dublin	C	18	64	Rhodes	S	32	90
Dbvnk.	S	23	73	Rio J'o	S	24	78
Ednbgh.	S	23	73	Rome	F	23	73
Faro	S	26	79	Salzb'rg	R	14	57
Florence	S	25	77	Singapr.	S	30	86
Frankf't	S	23	73	Stckhm.	F	23	73
Funchal	S	22	72	Strasb'g	S	24	75
Geneva	S	19	66	Sydney	R	17	63
Gibrltr.	S	28	82	Tangier	S	24	75
Glasgow	S	19	66	Tel Aviv	S	29	84
G'nsey	S	20	68	Tenerife	S	20	68
Helsinki	S	18	64	Tokyo	C	30	86
H. Kong	S	30	86	Toronto	S	21	70
Innsbr'k	C	12	54	Tunis	F	25	77
Invrnss.	S	22	72	Valencia	S	27	77
I.o.Man	Fg	14	57	Venice	C	12	61
Jersey	S	22	72	Vienna	C	16	61
Jo'burg	S	13	55	Warsaw	F	23	73
L. Plms.	S	23	73	Zurich	F	20	68
Lisbon	S	24	75				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny.

EEC summit will focus on energy policy

BY GUY DE JONQUIERES, IN BRUSSELS

THE TWO-DAY meeting of Common Market leaders which opens in Strasbourg today, is expected to be dominated by two subjects: efforts to draw up a coherent EEC-wide energy programme, and Britain's and Italy's demands for swift action to cut the cost of their membership.

The "summit" will be the first attended by Mrs. Margaret Thatcher. She is expected to seek a firm commitment from other leaders to decide this year on specific measures to redress the mounting imbalance in the UK's payments to the community budget.

According to the latest Treasury estimates Britain's net budget contributions next year, measured in 1980 prices, will be significantly above the £1bn previously forecast. Mrs. Thatcher will undoubtedly argue that the total resource transfer is even bigger because of the cost of having to buy food at EEC prices.

Both the UK and Italy hope the meeting will instruct the European Commission to recommend solutions to their budget problems in time for the next EEC summit in Dublin at the end of this year. The two countries hope the Dublin meeting will put such solutions into effect.

The British Government claims its case is now well understood by its EEC partners, but they do not all appear fully to accept it. Some other leaders may try to stave off decisions by arguing that further analysis is needed before remedies can be applied.

Mrs. Thatcher will probably be urged by President Giscard d'Estaing of France and Chancellor Helmut Schmidt of Germany to put forward ideas of her own for reducing Britain's EEC membership costs. That is something that the Government has so far been unwilling to do.

The atmosphere of the meeting may well be influenced by the outcome of the current EEC farm price talks, in which the UK has been criticised for urging a freeze on common prices while seeking to increase its own farmers' incomes through a green pound devaluation. If the talks break up in disarray, other governments may try to blame Britain.

President Giscard, who will be chairman of the Strasbourg meeting considers that the main priority will be to agree on an EEC plan to tackle the energy crisis before the OPEC meeting in Geneva on Tuesday and the world economic summit in Tokyo later next week.

Most governments appear convinced that the EEC must present a united front to the oil exporting countries and to the U.S. if current oil supply shortages and price rises are to be brought under control. But substantial differences remain over the actions to be taken.

EEC energy ministers have agreed in principle that all oil company transactions should be officially registered in an attempt to curb speculation on the spot market. But Britain and Germany have insisted that this system must be put into effect world-wide, with the participation of the U.S. and other countries, and have rejected French proposals to place a ceiling on spot market prices.

President Giscard d'Estaing is also expected to continue to press for firm limits on the total volume of EEC oil imports over the next three years. But Germany, which dislikes government intervention in the market mechanism, has so far opposed this idea, and several other countries are cool towards it.

The nine leaders are, however, expected to reaffirm the commitment, adopted at their last meeting in Paris in March, to reduce oil consumption by 5 per cent this year. They may even decide to toughen up this objective. They may announce, too, their intention to develop nuclear power as rapidly as political and safety considerations permit.

They will also be asked by the commission to endorse publicly a continuation of EEC diplomatic pressure on Japan to take further action to reduce its trade surplus with the community.

The European summit, Page 26

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